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NEWS SUMMARY

BUSINESS

Olympic lit on iwan ue
Pound up 80 points: gold mines down 8.7

or split among the of the International Committee appears to be created by the refusal to allow Taiwan to enter the country representatives of the of China.

Daume, of West vice-president, yesterday a fight on the floor of the committee meeting members are due then to the decision of the executive body which night bowed to the the Canadian govern-

a week-end of intense s, Lord Killanin, IOC said: "We had no vic than to accede to wishes." He added: "If we our sponsorship of s, we would lose control

nt Ford deplored the and called for its s, Editorial Comment.

plane, ship enya

has sent a frigate to and a photorecon plane to Nairobi as between Kenya and continue to deteriorate termath of the Entebbe scue operation. Page 4

bullet missed

tribed, a doctor and a spectator both failed to bullet holes in the head of a man, who they found his Chelsea flat, a murder trial was told. Both thought he had in natural causes, the attendant found the one in the middle of forehead.

aside ruling

meside Council is to against yesterday's High line upholding the Gov's efforts to introduce sive education there.

halts rout

vented conclusion of nd rout of England in Trafford Test yesterday. score was 125 for 9, West Indies a virtual win to-day if play re-Page 14

le and places

people were believed nd 26 hurt when a busie transporter crashed the end of the year, and the Government has already recognised that this will mean a delay in achieving its counter-inflation targets.

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May output figures show accelerating economic recovery

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The economic recovery is now accelerating and broadening out to cover a wide range of industry, according to the production figures for May

Industrial production rose by about 1 per cent in May, the largest monthly increase this year, to 103.1 (1970=100) and is 1.4 per cent higher in the March to May period than in the previous three months.

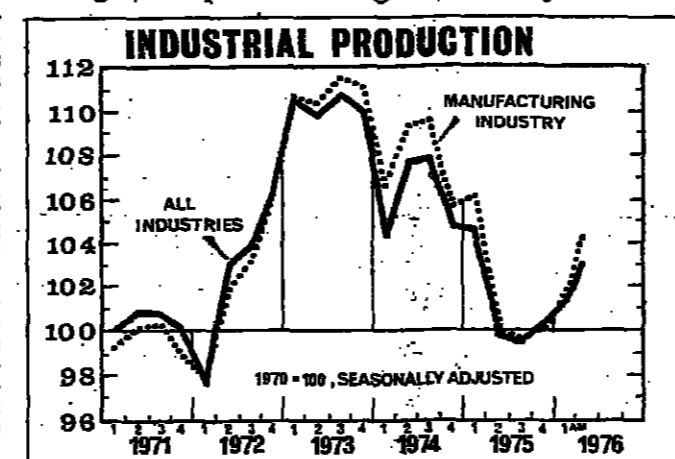
The improvement in manufacturing production has been even sharper with an increase of over 1 per cent in May and about 2 per cent on a three-monthly basis.

These figures, which reflect the strong growth in exports and the start of restocking, provide the background to the recent upgrading by the Treasury of the forecast rise in industrial output from 8 to 9 per cent for the year to mid-1977.

Potential

The further evidence of the strengthening upturn is also timely support for Mr. Denis Healey, Chancellor of the Exchequer, during his series of meetings this week with members of the Parliamentary Labour Party on public spending since he has urged the need to provide sufficient resources for the expansion of industry.

The expected further sharp rise in production should also produce a continued strong improvement in productivity. Output per head declined sharply during the recession, not only reflecting the severity of the underlying downturn but also the



Source: Economic Trends

various official measures encouraging the retention of labour.

So the official expectation is that the clear potential for taking up the slack in the use of existing labour will be reflected in a sharp and sustained rise in productivity over the next year or so. Indeed, manufacturing output per head increased by 2 per cent in the first quarter compared with the previous three months.

Although the official statisticians index a slight and of caution about exaggerating the significance of one good month's figures, they point out that the all industries production index in the last three months was

more than 1 per cent above its level in the same period a year ago, and the manufacturing index 2 per cent higher—the first such annual rises since the beginning of the recession.

Moreover, the inclusion of deliveries as well as production in the compilation of the index, thus overlooking some restocking, probably means that the overall recovery since the middle of last year has been steeper than suggested by the published figures.

However, output is at the level reached in mid-1972 in the last

Continued on Back Page

Editorial Comment, Page 20

Raw-material costs rise 16% in four months

BY MICHAEL BLANDIN

INDUSTRY'S RAW-MATERIAL costs rose sharply again last month as a result of the fall in the value of sterling.

The cost of materials bought by manufacturing industry apart from food, drink and tobacco—which are subject to special subsidies—has leapt by about 16 per cent in the past four months, the period of the main weakness of sterling.

The pressure does not yet appear to have had much impact on the level of output prices—the cost of goods leaving the factory gate—which continue to show modest rates of increase.

But the higher materials costs will begin to work through in the coming months, partly offsetting the benefit gained from wage restraint. And already the year-on-year rate of increase in output prices, which has been improving steadily for 12 months, is showing signs of levelling off.

The effects will work through the retail price level towards the end of the year, and the Government has already recognised that this will mean a delay in achieving its counter-inflation targets.

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| WHOLESALE PRICES (1970=100) | | |
|-----------------------------|--------|--------|
| Output prices (home sales) | | |
| 1974 4th | 164.9 | 222.1 |
| 1975 1st | 176.0 | 220.9 |
| 2nd | 186.3 | 225.6 |
| 3rd | 193.4 | 229.3 |
| 4th | 199.1 | 254.0 |
| 1976 1st | 206.2 | 266.1 |
| 2nd | 214.4 | 271.1 |
| Materials | | |
| 1975 Oct. | 197.0 | 252.2 |
| Nov. | 198.9 | 254.7 |
| Dec. | 201.5 | 259.0 |
| 1976 Jan. | 204.8 | 261.0 |
| Feb. | 207.3 | 263.5 |
| March | 208.6 | 273.8 |
| April | 211.5* | 285.2* |
| May | 214.3* | 290.6* |
| June | 217.0* | 297.4* |
| * Provisional. † Revised. | | |

year-on-year rate of retail price inflation may still be running at 12 to 13 per cent by the end of this year.

Last month, the cost of materials bought by manufacturers, apart from food, drink and tobacco, rose by 3 per cent. This followed an increase of 2 per cent in May, and rises of around 5 per cent in each of the two previous months.

This was largely due, the Department of Industry ex-

plained, to an average value of sterling which was 3.4 per cent lower than in the previous month, even though the pound recovered later from the low points reached in the first few days of June.

Higher prices for imported materials, notably wheat and tea, also brought a 1 per cent increase in the cost of materials bought by food manufacturers.

Overall, the provisional price index for materials and fuel bought by all manufacturing industry rose by 2 per cent to 297.8 (1970=100).

On the output side, the index for all products increased by 1 per cent, with the final effect of the Budget rises in duty on cigarettes accounting for 1 per cent.

The index for manufactured products other than food, drink and tobacco was 2 per cent up, and over the second quarter as a whole has risen by 3 per cent.

The year-on-year comparison for the all-industry index levelled off last month, with both May and June showing rises of 1.4 per cent over the year. This comparison had been dropping for 12 successive months, as the large increases recorded last year were progressively eliminated.

The last increase for MPs's salaries was cut severely by the Government from the £5,000 recommended by the Review Body as the basic Parliamentary salary. But it was decided to base an MP's pension rights on a notional salary of £8,000 and this remains the case under the latest increase.

Parliament Page 14

No £6 rise for some MPs

BY RICHARD EVANS, LOBBY EDITOR

MPs HAVE been awarded a weak salary increase under the terms of the Government's pay policy, but those earning above £5,500 from all sources will not be eligible to claim it.

The Government's decision, announced to the Commons by Mr. Michael Foot, the Leader of the House, raised immediate protests from Tory and Labour MPs, but for differing reasons.

Left-wing Labour backbenchers complained that MPs should not accept any rise in present circumstances, having received an increase of £24 a week last June, while many Tories pointed out that a very dangerous precedent had been set by paying MPs different rates for the same job.

The current salary of a backbencher is £5,750 a year and the increase, back-dated to June 13

this year, will bring it up to £6,062 plus various allowances.

Mr. Foot also announced an increase in the secretarial allowance from the present £3,200-a-year so that Westminster secretaries can receive the benefit of the £5 pay rise.

The announcement means that MPs who have earnings from other sources such as television and journalism, the law or business which takes their salary above £5,500 will receive nothing extra for their Parliamentary work, while in borderline cases the £5 will be restricted so that total earnings do not exceed £5,500.

How many MPs are above the earnings limit is unclear, but the number is thought to be substantial. To begin with, the 100 or so members of the Government will not qualify and many other members, especially on the Conservative side, have considerable outside earnings.

Parliament Page 14

Commons told Mrs. Bloch is dead

BY DAVID BUCHAN

THE woman missing after the attack on Entebbe to rescue hostages held by pro-Palestinian terrorists is dead, Mr. Edward Rowlands, a Foreign Office Minister, told a shocked Commons yesterday that this is the conclusion that the Government has drawn. Amid shouts of "shame" and "disgraceful," Mr. Rowlands told the House that there seemed little doubt that Mrs. Dora Bloch, who holds a British passport, was taken from her room at about 9.30 local time on July 4 and "she is no longer alive."

The Minister also expressed the Government's shock and dismay at the execution of the three British mercenaries shot on Saturday in Uganda, despite appeals from the Queen and the Prime Minister. He condemned the way in which the mercenaries were tried and said that the Uganda trial was "not fair in the sense that we could understand the term."

Several MPs protested when Mr. Rowlands said the Government would not pay for the bodies of the dead mercenaries to be flown to Britain.

MPs on both sides of the House were clearly frustrated at not being able to get stronger condemnation from the Government—particularly about President Amin's conduct.

Mr. Rowlands made it clear that the overriding concern was for the 500 Britons still left in Uganda. Whitehall sources said yesterday that breaking relations with Uganda would be a last resort only.

The British High Commissioner in Kampala, Mr. James Hennessy, arrived back in London yesterday to report to the Foreign Secretary, Mr. Anthony Crosland. Mr. Hennessy will stay for consultations.

The 500-odd Britons in Uganda have been a stumbling block in Britain's repeated attempts to secure the withdrawal of the Ugandan army from the country since the death of Mrs. Bloch.

Despite the fact that the remaining British community often has been warned privately by U.K. governments not to stay on, Whitehall still wants to keep a diplomatic channel open to Kampala.

Although there are as yet no plans to grant a direct-appeal approval seem limited. The British mission in Kampala can hardly be reduced further like the Ugandan mission in London it numbers only six.

EEC direct elections for 1978 agreed

BY GUY DE JONQUIERES AND ROBIN REEVES

BRUSSELS, July 12.

TWO DECISIONS which are likely to have a profound influence on the future shape and political development of the European Community were reached here this evening.

EEC Heads of Government, after several hours of intensive and detailed negotiations, approved in principle a plan which will allow the first direct elections to the European Parliament to be held in 1978.

At the same time, the Nine's permanent Ambassadors to the EEC cleared the way for the start of formal negotiations with Greece towards eventual EEC membership, probably in 1979 or 1980. The negotiations are expected to begin on July 26 or 27.

The formula for direct elections provides for a 410-seat Assembly in which each of the four big EEC countries would have 51 seats. This more than satisfies the U.K. demand for a minimum 75 seats in order to give adequate representation to Scotland, Wales and Northern Ireland.

But as a courtesy to Parliament, Mr. Callaghan, the Prime Minister, told his European counterparts that the U.K. wanted to withhold final approval of the plan until the outcome of this evening's Commons debate on direct elections and devolution was known.

Through the formula for distributing the seats does not fully meet the aspirations of several of the smaller EEC countries, there was general satisfaction among the Nine this evening that agreement had at last been reached after months of discussion.

The Netherlands will receive 25 seats under the plan, Belgium 24, Denmark 16, Ireland 15 and Luxembourg six. Though the internal distribution of seats in the U.K. is still not known, Scotland could set as many as 10 while Wales might be given five.

In the tough bargaining which dominated this afternoon's session of the summit, Britain is understood to have stood out for a final quota of 51 seats to be able to grant Northern Ireland three seats. This should give the Catholic minority a European voice.

European enthusiasts hope that direct elections will give a strong new impetus to the future development of the Community, after what amounts to several years of stagnation.

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The co-head of for the opening of Greek entry negotiations also throws into focus the future constitutional shape of the Community. It sets a precedent for EEC entry negotiations with other countries of the Mediterranean region, notably Spain.

Some detailed problems remain to be resolved, among them the question of whether Denmark will be able to participate in the direct election process, at least initially.

For constitutional reasons, the Danes have insisted that the first set of direct elections should coincide with their national elections, and unless this can be arranged, they may be obliged to continue nominating their representatives to the European Parliament.

Another more practical problem concerns the size of the new enlarged Parliament. The current Parliament of 198 seats meets both in Strasbourg and Luxembourg, but the building in the latter city is not large enough to accommodate a 410-seat assembly.

Before adjourning for a private dinner this evening, the European leaders were also expected to discuss the economic situation in the Community. The Netherlands, which will chair the EEC council of ministers until the end of this year, has indicated that it plans to propose coordination between Governments on budgetary policy.

Also due to be raised was the question of the summit backing the proposed nomination of Mr. Roy Jenkins as the next president of the European Commission.

Another EEC Government's favour the idea of such an advance designation. France, has expressed reservations of principle.

It was also expected that Luxembourg would tell the summit that it plans to appoint its Socialist Finance Minister, M. Raymond Vautel, to replace its present Commissioner, M. Albert Borschetie, who is critically ill. Italy has also announced that it will nominate Sir Guiseppe, Economics adviser at the Foreign Ministry, to fill the unexpected term of Sir Altiero Spinelli, who has resigned.

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Fisheries

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LOMBARD

The non-system 'success story'

BY C. GORDON TETHER

THERE IS every reason to be pleased with what has been accomplished by the International Monetary Fund, referring to a recent address to the UN's Social and Economic Council by Mr. J. J. Witteveen, managing director of the Fund, in the "initiative" that has been taken during the past year to deal with "new situations." Having singled out comprehensive amendments to the Fund's own Articles of Agreement as a particularly good illustration of this "success story," he went on to say that the task before him was to make every possible effort to ensure that the changes in international monetary arrangements now being put into effect produced maximum benefits for the international community.

The Fund doubtless feels that it has put the best possible face on its achievements, however it itself evaluates them. Furthermore, in the "initiative" atmosphere that has characterised the international monetary scene since the collapse of the Bretton Woods system in 1971, even the modest move towards restoring stability is so apt to stand out like a sore thumb.

Relevant

It is hard, however, to see how anyone stands back far enough to be able to see the wood for the trees can find cause for great satisfaction in what has recently been accomplished in terms of international monetary reform. The First National Bank of Chicago gets much nearer to reality in its latest monthly bulletin.

Thus, having pointed out that since August 1971, the world economy has lacked the sound monetary foundation that could provide the basis for restoring the long-run business confidence necessary for large-scale commitments for world-wide investments and specialisation it goes on to say that the proposed changes in the Fund's "modus vivendi" do not fit this void.

As the bank's assessment stressed, during the five years since Bretton Woods collapsed, the world economy has experienced the most severe recession, the worst inflation and a series of dire events such as the quadrupling of world oil prices as well as serious political, financial and economic uncertainties. Since it is impossible to believe that this is no more than a coincidence, an international monetary reform programme is going to be relevant to the present global crisis only if it

provides for a major onslaught on the trends that have brought us to the present pass. That is certainly not true of the "initiative" Mr. Witteveen was talking about.

On the contrary, they are, broadly speaking, intended to give the IMF's blessing to the permissiveness that has developed during the past few years in respect of exchange rates. For example, the new arrangements are based on the proposition that, whatever procedures member countries choose to follow, that will be all right with the Fund. Which means that that institution will be able to do no more than stand idly by the steep devaluations of the sterling and the Italian lira lead—as it seems quite conceivable that they will—to exchange rate warfare assuming more serious proportions than it has already. It is not clear that the new arrangements do contribute at all to the work of creating an international monetary base of the kind needed to ensure that global stability is more than a flash in the pan, it will be as like as not, because they have consequences that are just the reverse of what is intended.

There are good reasons for thinking that the attempt to push gold off the centre of the stage for good by abolishing the official price of the metal and authorising the Fund to start disposing of its stock will open the door—if only very gradually at first—to the strengthening of its monetary role.

One thing that emerged clearly from last month's first action of IMF metal is that quite a number of central banks are so far persuaded that gold is on the point of bowing itself out of the international liquidity business that they actually want to add to their holdings.

It seems highly probable that, as other countries realise that strengthening the gold element is one of the options now open to them in formulating reserves strategy, interest in acquiring the metal for this purpose will become more marked. After all, with every indication that the fall in the purchasing power of currencies is about to start accelerating once again even though many major countries are still in—or all but in—the double-digit range, there is a great deal to be said for preferring gold.

This is just one reason for thinking that, if the new look in international monetary affairs does produce the hoped for benefits for the community, it will be because it has not worked in the way intended.

RACING

Hide to top half century

EDWARD HIDE, who has not yet given up hope of overhauling Pat Eddery and Willie Carson in the race for the jockeys' championship, looks set to bring his tally for the season past the 50 mark at Beverley to-day.

Hide can achieve his half century in the opening event on this Racers' Club Concession Day programme, the one and a quarter mile Horsea Mere Stakes. Here he partners that game course specialist, Tring.

A one and a half lengths winner from Mother Brown at Warwick, April, Tring has since run well in two competitive handicaps over to-day's course and distance. On her most recent appearance, Steve Eddery, who has been out for three-quarters of a length to hold the year younger and much improved Walk Around in the Hoveingham Handicap at the last reproduction of that form should see this tough mare, who is better suited than most by the prevailing ground conditions, getting the better of the Beverley specialist, Sundab.

Edward Hide's second winner of the afternoon should come 90 minutes later when he

partners Habbersham in the Hide is the Flay Brig Stakes. Scarborough Spa Selling Stakes, which seems sure to fall to Harry Thompson Jones's Newmarket child out of Joshua's half-brother, chieftain, Rose Melody, the Reddish, has begun to find a mount of Frankie Durr.

BEVERLEY

2.30—Tring

3.30—Rose Melody

4.00—Habbersham

2.15—Be Easy

2.45—Swagman

3.15—Stellenbosch

3.45—Blindage

4.15—Damaged

4.45—True Prince

LEICESTER

7.25—Tutorial

8.05—Faculty

8.35—Nepotist

9.05—Fire Screen

little form after several moderate efforts, and last time out she put in an encouraging performance when chasing home Sundash.

With little to beat, Habbersham, who runs in preference to his ablemate, Baby Ben, ought to have little difficulty in justifying favouritism.

One race I cannot see going to

SALEROOM

BY ANTONY THORNCROFT

High prices for old atlases

A COMPLETE, 11-volume, first edition of Johannes Blaeu's famous *Atlas Major*, published in Amsterdam around 1665, sold at Sotheby's yesterday for £18,000 (plus the 10 per cent. buyer's premium). The price, which was up to expectations, was paid by a Danish dealer, Lynge.

The work contains 574 maps coloured by a contemporary hand and was the great attraction in literary and map sale which took place at Sotheby's yesterday. It is a total of £24,268. A dealer from Paris paid £25,000 for an African carrying a wooden Fang female reliquary figure which had come to France in the 1920s.

Another French buyer gave £7,000 for a Benin bronze head of an Oba which had once belonged to Hearst while Entwhistle, a London dealer, paid £3,300 for another Benin piece, an agate, a medallion shaped object which is decorated with a Great Britain of 1646 and 1650 and with 67 maps; £4,200 for 234 maps produced in Paris in 1688 by G. P. N. Sanson; the same for Moss Pitt's four volume *English Atlas* of 1680-82 and £4,000 from Lynge again for a 1513 translation of Ptolemy printed at Strasbourg.

The glass and paperweight auction went equally well, with a

best price of £3,600 for a Bohemian Hochstetler covered goblet of 1730, and £3,000 paid for a Clitchey bouquet paper spinach green jade incense burner went to the London dealer, William Clayton for £1,500. He also acquired a fine celadon jade rectangular ring for £1,200 and a jade carving of Kuan Yin for £1,100.

Meanwhile at Phillips a sale of furniture and works of art totalled £23,249 with Histed paying £22,000 for a Viennese gilded cabinet, a group of 18th and 19th century papal medallions going to O'Brien for £220, double the forecast. The auction of oil paintings totalled £15,157.

At the Victoria and Albert Museum, a collection of Sotheby's Belgravia to-morrow, it includes some of the special effects which magicians used to frighten their susceptible audiences, including a talking skull, rope tricks, a vanishing bird cage and a body without a head. Many items come from Davenport, the manufacturers of conjuring tricks and magic props, and date from between 1890 and 1930.

buyer's premium) to a Japanese buyer, Takeda.

Most of the other major lots did better. An 18th century spinach green jade incense burner went to the London dealer, William Clayton for £1,500. He also acquired a fine celadon jade rectangular ring for £1,200 and a jade carving of Kuan Yin for £1,100.

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WINE

Little-known delights of the Dordogne

BY EDMUND PENNING-ROWSELL

THE DORDOGNE is well known to many British visitors for its simple AC Bergerac wine, and at this time of year there are probably more de Bergerac in the AC out there than there were English living there in the 13th century. The region came under the yoke of the English crown. It may be usual the Cotes wines are more esteemed, and must have a minimum strength of 11 per cent., one more than for ordinary AC Bergerac.

Modestly priced

The most widely known wine of the region is, however, Monbazillac, sometimes rather unfairly described as "the poor man's sauternes." It is so, not because of its very real poverty of which one need not be afraid, but because of its "breed" of sauternes it is made from the same grapes, Semillon and Sauvignon and Muscadelle, as those of the ordinary red Bergerac, which in style closely resembles vinously it lives in the shadow of France's greatest wine city, Bordeaux. Ever since the Middle Ages it has had to face competition and discrimination from the Bordeaux merchants who no doubt were happy to spill a little, in expensive Bergerac into their casks, while making sure that the Bordeaux they chiefly sold had priority of sale.

A little cheaper

Even to-day Bergerac wines, especially the reds, are usually a little cheaper than basic Bordeaux superieur, while the grapes grown in the Dordogne are much the same as those planted in the Gironde. When Bordeaux prices crashed in 1973, the Bergerac growers had a particularly thin time, but with the lesser boom, de Bergerac wines, now enjoying a revival, things are rather better for the Bergerac. The extent of the Dordogne vineyard is only 26,000 ha., compared with 100,000 ha. before the phylloxera in the last century; and it is about one quarter the size of the Gironde. Only 13,000 ha. of the Bergerac vines are devoted to appellation controlled wines, which are grown on the hillsides, with the valley floor in dry.

A semi-sweet rarity in these parts is Rosette, an AC wine now produced in very small quantities, about 2,600 growers. Before the First World War there was an even balance between red and white wine production. Then it swung over to white, but to-day the trend is very much in the vineyards. Only 800 hl of Rosette

were made last year, a pleasant light wine, not always sweet these days.

Yet the most successful of the white Bergeracs today are those made from the Sauvignon grape. For they are fresh, and have the "cut" of wines from this grape (as markedly exemplified in Sancerre). Served chilled they are very attractive summer drinking wine. Sometimes they are labelled as Bergerac Sec, and they should be drunk within two years of the vintage, or they lose their freshness.

Just to the east of the Rosette

vineyards is the best red Bergerac district: Pechamant. For ease of cultivation the vines are widely spaced and high, and the sloping vineyards look across the river valley to Monbazillac. Pechamant is a fruitier, more flavoury red wine than the ordinary red Bergerac, which in style closely resembles a Bordeaux. All indeed are made from the same grape varieties, notably Merlot, followed by Cabernets Sauvignon and Franc and a little Malbec. Only about 30 growers now produce 3,000 hl. of Pechamant each year from a mere 100 ha. One of the best comes from Ch. Trégand, owned by a member of the St. Emery family. These are not great wines, but neither are they expensive, and I found the big-coloured 71 Pechamant still not ready to drink. Both 70 and 71 were five years in the Dordogne, but for whites the 71 was superior.

Co-operatives

Not surprisingly in an area of relatively low-priced wines the co-operatives are influential. There are ten of them, and they produce about one-third of the total white wine of the area, nearly half the red wine. Most of them are members of a union which bottles and markets their wines, under the label Union. Most of the better Dordogne wines are likely to be found in the region, for the export trade is largely confined to very low-priced white and some red wines, and of course, some Monbazillac. Although Bergerac itself is not a very striking town, it contains a fine Maison du Vin, installed in an old monastic cloister, and here the local wines may be sampled. The river valley is unfailingly attractive, particularly as it approaches the Gironde department.

TV/Radio

Indicates programme in black and white

BBC 1

7.05-7.35 a.m. Open University (UHF only). 10.55 Cricket: Third Test: England v. The West Indies. 1.20 p.m. Andy Pandy. 1.45 News. 2.10 Cricket: Third Test: England v. The West Indies. 4.15 Interval. 4.25 Regional News (except London). 4.50 Animal Magic. 5.15 Lippy Lion and his friends. 5.40 Barabapa. 5.45 News.

6.00 Nationwide (London only).

6.20 The Fishing Race.

6.45 Sportsworld.

7.10 The Undersea World of Jacques Cousteau.

8.10 Sutherland's Law.

9.00 News.

9.25 The Royal International Horse Show.

10.45 Milk Run To Berlin.

11.35 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.15-5.40 p.m. Meddew.

6.00-6.30 Wales To-day. 11.35 News and Weather for Wales.

Scotland—9.40 a.m. Dastardly and Muttley (cartoon). 9.50

Jackanory. 10.05 Devlin. 10.20

Roorback. 10.35-10.55 Boy and Horse. 6.00-6.20 p.m. Reporting Scotland.

Northern Ireland—4.25-4.35 p.m. Northern Ireland News. 6.00-6.20 Scene Around Six. 11.35 News Headlines and Weather for Northern Ireland.

England—6.00-6.20 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Bristol); South To-day (from Southampton); Spotlight (South-West from Plymouth).

6.40 a.m. Open University.

11.00 Play School.

1.20 p.m. Cricket: Third Test: England v. The West Indies.

4.15 Open University.

7.20 News On 2.

7.40 Rembrandt.

8.10 The Golden Treasury of Ozden Nashery.

9.00 Tuesday Cinema: "Dods Huston."

10.25 Cricket: Third Test (highlights).

11.05 Newsnight.

11.30-11.55 Closedown: Hugh Burden read "My many-coated man" by Laurie Lee.

LONDON

9.45 a.m. Bertrand Russell Speaks His Mind. 10.00 Water Wise. 10.25 Cricket in the Middle.

10.45 Meet Betty Boop. 11.00 The Saint. 11.30 Late News. 11.55 Paperplay. 12.10 p.m. Hickory House. 12.30 Home and School. 1.00 First Report News, FT Index. 1.20 Lunch-time. 1.45 News. 2.00 Good Afternoon. 2.30 Good Million. 4.15 Cartoons. 4.25 The Swiss Family. 4.50 Going A Bundle. 5.50 News From ITN.

RADIO 1

247m

5.55 Stereophonic broadcast.

6.00-6.15 Radio 1 News.

6.15-6.30 Tony Blackburn. 12.00 Play School. 12.10-12.30 News. 12.30-12.45 David Hamilton. 1.00-1.15 News. 1.15-1.30 David Hamilton. 1.30-1.45 News. 1.45-2.00 David Hamilton. 2.00-2.15 News. 2.15-2.30 David Hamilton. 2.30-2.45 News. 2.45-3.00 David Hamilton. 3.00-3.15 News. 3.15-3.30 David Hamilton. 3.30-3.45 News. 3.45-4.00 David Hamilton. 4.00-4.15 News. 4.15-4.30 David Hamilton. 4.30-4.45 News. 4.45-5.00 David Hamilton. 5.00-5.15 News. 5.15-5.30 David Hamilton. 5.30-5.45 News. 5.45-6.00 David Hamilton. 6.00-6.15 News. 6.15-6.30 David Hamilton. 6.30-6.45 News. 6.45-7.00 David Hamilton. 7.00-7.15 News. 7.15-7.30 David Hamilton. 7.30-7.45 News. 7.45-8.00 David Hamilton. 8.00-8.15 News. 8.15-8.30 David Hamilton. 8.30-8.45 News. 8.45-9.00 David Hamilton. 9.00-9.15 News. 9.15-9.30 David Hamilton. 9.30-9.45 News. 9.45-10.00 David Hamilton. 10.00-10.15 News. 10.15-10.30 David Hamilton. 10.30-10.45 News. 10.45-11.00 David Hamilton. 11.00-11.15 News. 11.15-11.30 David Hamilton. 11.30-11.45 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English drawings

by WILLIAM PACKER

awing is the most accessible media, ever able to engage our interest and imagination at once exploratory and naive, and capable of doing before us work that is in authority and achievement to the greatest painting which remains, through its nature, neither overbearing nor out of scale. Amongst its functions is the insight it is the viewer into the diatribe pre-occupation and tensions of the artist that so y carries with it the suggestion of a privileged intimacy the creative process, a on most encouraging to the himself (who must be the significance of everything he to be recognised, and ying to the amateur. A conspiracy of appreciation soon set up.

h things stimulate us no it seems and for reasons igh and low touching both nerve of privacy in our al psyche, that impels us ch out polite, modest and s accomplishment, and s to celebrate effort made s own sake, and also the latic nerve. Drawing is so nient, so portable and so ntly collectable, and even moreover, and still an tant consideration. It is y so much cheaper than ing else that comes to us ly from the artist's hand. w of drawings, therefore, rest more often than not, a rial source of great pleasure on the one hand, he greatest bargain on the



Ruskin Spear: 'Drying the Stockings'

abeth Hall

Menuhin School

by MAX LOPERT

Yehudi Menuhin School Souza) in Justin Connolly's to South Bank on Sunday *Celidish*, became 'immediately hat seemed to be its end- thereafter the quartet of violins m concert, compete with and two violas for the Dvorak works. tiny performers. String Quintet. The 'comparly y of solos, and an opening piece, commissioned 'for the bution from the founder, school's American visit, is, a solist in a Vivaldi concert, definite success—tough, colour, for three violins. I might nly be thought somewhat to hire the Elizabeth Hall purposes; but this is y, on Sunday's showing, of diatonic school; not just in wealth of distinguished rs, but in its ability to and concentrate expect- evening, Elgar's Introduc- chool Orchestra made an shingly good sound—full, us, never beefy, but also this, and with a fluen- gar's wonderful but exact- ugo writing that rode cter Peter Norrie's much- it tempo splendidly. (We ly heard one-and-a-half per- of Elgar's that brought to a halt by the d string of the solo t viola—which must have ted for the even keeper of the repeat.)

re is an apparently inten- encouragement of the pupils to move freely and between violin and viola. demonstrated to admir- the manner in which the of violin (Kirstyna wicz, King-Feng Heia, Twigg and Ralph de

ICA Summer Festival

In the first week of the Institute of Contemporary Arts Summer Festival at Nash House, Juan Vera's *Twelve Shifts of Gear* plays until Saturday, July 17. Juan Vera is a Chilean play- wright living here in exile, and the play concerns his former life working in Chile with a peasant theatre group. The performance will be given by Recreation wicz, King-Feng Heia, Twigg and Ralph de



da Jackson in 'The White Devil', which opened last night at the Old Vic

discrimination. And it is curious to see how strong are the drawings of artists whose paintings remain unresolved and disappointing, if not actually mediocre.

A good mixture, consisting of studies and working drawings, is on show until the end of July, including notably Slickertian con- tributions by Ruskin Spear, studies of London streets, and of figures indoors, and by Bernard Dunstan, whose intimate domestic studies and his most character- istic work. And there are excellent and energetic land- scape studies by Olwyn Bowyer and Colin Hayes. In the gallery downstairs are paintings by Spear, Dunstan, Carol Weight and the late Lord Methuen, which though interesting indi- viduals, are collectively more passive and duller than the draw- ings above.

Across London, in Savile Row, Somerville and Simpson are showing English drawings of much earlier villages, a mélange of the work of two first quar- ters, from Alexander Cozens, born at the turn of the eighteenth, to Hercules Brabazon Brabazon, who out-lived the nineteenth. Some great names are represented and if not by major pieces, in most cases at least by serious and characteristic examples: they include Cotman, John and Cornelius Varley, Row- landson, de Wint, Whistler, Stothard and John Ward. But they have no monopoly of in- terest, for much of the minor work is full of quality and charm, in particular watercolour by Robert Gillis of a Farmyard in Winter that is the prototype of every self-respecting Christmas Card, and two fine studies of parkland by Henage Finch, Earl of Aylesford. There are also a good if modest study of a lady's head by Albert Moore, and a fine Spanish street scene by J. F. Lewis. Both these Victorian artists have long been considered hardly more than peripheral nonentities, and both deserve the better critical treatment that at last they appear to be receiving.

This small and most enjoyable exhibition remains on show, too, until the end of July. The gallery itself is comparatively new, a venture, but it is a most welcome addition to the London round.

Cheltenham Festival

Shostakovich and Beethoven

by PAUL GRIFFITHS

One of the triumphs of this year's Cheltenham Festival, which ended last Sunday, was surely the complete cycle of Shostakovich's 15 string quartets given by the Fitzwilliam. These young players had de- veloped a warm relationship with the composer in his last years, and it was to them that he en- trusted the British premiere of his final three quartets. Alan George, the Fitzwilliam viola player, writes about Shosta- kovich in the Cheltenham pro- gramme book in terms of un- usual reverence, terms which might be embarrassing were they not so obviously sincere; and the quartet's devotion to Shostakovich and his music is almost certainly responsible for the high quality of their per- formances. Shostakovich's quar- tets are deeply personal expres- sions, and they demand, particu- larly the late ones, performers who can dedicate themselves wholeheartedly to expounding the music's emotion. This the Fitzwilliam can do, without sen- timentality and with supreme technical accomplishment.

They sensibly decided not to play the quartets in chrono- logical order: the final recital, consisting just of the last three works, all bleak meditations on death, might have been more than the spirit can stand. How- ever, these ultimate farewells did all appear in the last two pro- grammes, along with a selection from the 1950s and 1960s, Nos. 6, 7, 9 and 11. The Ninth, a com- paratively high-spirited piece, must have a special significance for the Fitzwilliam just now, as they recently played it to its dedicatee, the composer's widow; certainly they performed it with exceptional panache. I suspect, however, that the Thirteenth has an inviolable place in their affections: it was this work that they played before the composer at their only meeting, on the occasion of the first British per- formance. This time they proved alive to every nuance of feeling in the score, and able to sustain high tension through a single span which moves for the most part slowly and sparsely. The problems of unrelieved gloom are still more acute in the Fifteenth Quartet, a set of six linked adagio movements, yet here again the Fitzwilliam were ample to the challenge, if a shade less pro- foundly involved than in the Thirteenth in introducing the last recital Christopher Rowland.

New musical director for Glyndebourne Touring Opera

Nicholas Braithwaite has been appointed to succeed Kenneth Montgomery as musical director of Glyndebourne Touring Opera with effect from the 1977 tour, for an initial period of three years. Mr. Braithwaite, who is 36, was a member of the music staff at Glyndebourne in 1970 and conducted *Die Fledermaus* for GTO in 1971. His appointment as permanent guest conductor of the Norwegian State Radio Orchestra has also just been announced. Other developments for GTO are that Diego Masson, musical

'The White Devil'

As from to-night, *The White Devil* at the Old Vic will be per- formed at 7.30 p.m. and not 8 p.m. as previously stated.

Cheltenham Festival

Bliss and Musgrave

by PAUL GRIFFITHS

Cheltenham's survey of the music of Sir Arthur Bliss, late president of the Festival, con- tinued on Saturday with a programme representing 'The American Bliss'. All the works were associated with his two periods of residence in the U.S. in 1923-25 and 1939-41; most of them were written there. The earlier period came shortly after his years of daring experiment, represented earlier in the festival in a 'Revolutionary Bliss' pro- gramme. It was not a time of very remarkable achievement. Bliss seems to have retained his awareness of Stravinsky and the new wave in Paris, but his attempts to assimilate adventure into the comfortable English tradition could not result in any- thing but unfortunate compro- mise.

This is what happened in the Oboe Quintet of 1926, written for the inexpressible patroness Mrs. Elizabeth Sprague Coolidge, and originally entitled 'Music for Oboe and Four Strings'. Two approximately pastoral move- ments are rounded off by an ebullient Irish jig finale, which equates Stravinsky and Bartok in rhythmic vitality but not in harmonic acerbity or keenness of design. For all the care of the Melos Ensemble with Peter Gremse in what almost amounts

to a solo part for the oboe, the piece made a limp impression. More certain in aim are the piano works Bliss wrote in the previous year, the Toccata and the Two Interludes. The Toccata barely distinguishes itself from the many neo-classical pieces written under that title; it might be a lesser work of Poulenc, except that it has some English rhythmic imprints and that its form is rather rambling for a piece in perpetual motion. The Interludes, however, do have an individual feel, partly because few musicians would have chosen to cast a glance back to Debussy when composing in a solid key- board style. Rhonda Gillespie was a pianist with enough weight to give all the pieces their due, and enough sense of movement to keep them from seeming ponderous.

The Women of Yueh, Bliss's first American work, was sung by John Shirley-Quirk, with Elizabeth Sprague Coolidge, and originally entitled 'Music for vocal score of what was intended as a song cycle with small orchestra. Since strings, wood- winds and percussion were here compressed into the range of the piano, however brilliantly played, it is hard to be sure that the work would appear so colourless in its full version. Bliss wisely eschewed easy

Orientalism in these settings of Chinese lyrics, but his alterna- tive has little character. Nor is there anything in the work to indicate that it was written in the New York of Varèse, Cop- land and Gershwin.

By the time of his second visit to America, Bliss was writing much stronger music, and this concert took a lift in the second half with good performances of the First String Quartet (Melos Ensemble) and the Seven American Poems (Shirley-Quirk and Constable). Both were written in California at the home of the composer's parents-in-law; both are imbued with the troubled feelings of a man torn between remaining with his family and returning to his country at war. Bliss wrote of the American poems that 'each carries the burden of a vanished joy or beauty' but the expres- sion is more varied and more combative than this might sug- gest. And by comparison with the Oboe Quintet the B Flat Quartet is a work of grand emotional power and structural expertise.

Given his preference for music of clear, direct expression, Bliss might well have applauded Thea Musgrave's *Orica II*, introduced at a concert by the Academy of St. Martin-in-the-Fields. The

piece exists in two versions, one for flute and tape, and this for flute and 15 strings. It is another instance of what Musgrave has termed 'dramatic-abstract form', but here the drama is not so very abstract: the work is virtually a miniature instrumental opera, with the flute taking the part of Orpheus, a solo violin playing Euridice in reminiscences of Luck, and the rest of the ensemble providing backdrop and comment. The story is unfolded in six continuous 'scenes', the flute being 'on stage' through- out for arias of lament, pleading and despair.

Wispis of Gluck are subtly introduced for the voice of Euridice; in Musgrave's scenario she is only a memory for Orpheus, and so it is appropriate that she should speak in memories. The handling of the string ensemble, too, is elegant and effective, controlled but capable of evoking the darkness of Dis or the fury of the Bacchantes. I was reminded of Stravinsky's re-telling of a classical legend, for string orchestra, Apollo, and like that work *Orica II* is conceived as a possible ballet score for a single male dancer.

On this occasion, however, James Galway did all that was necessary in present Orpheus's hopeless passions. The

Spoleto

The Festival of Two Worlds

by WILLIAM WEAVER

The Festival of Two Worlds opened, as usual, with an opera in the Teatro Nuovo. This year's choice was Chaikovsky's *Pique- dame* (given in an old, bad Italian translation), and—on paper—it promised well. Filippo Sanjust, designer and producer, Magda Olivero, the Countess; a prize-winning young conductor—Guido Ajmone-Marson—making his Spoleto debut. In the end, the results were a disappointment. The blame lay largely with the musical forces, and with Marson to begin with. Chaikovsky's operas are notoriously difficult, with their wealth of nuance, their rich emotional ebb and flow. It is easy to err on the side of exaggeration, to over-dramatise, over-sentimentalise; Marson erred in the opposite direction. His reading was dry, monotonous; the great themes came and went unacknowledged, almost unperceived. Even Magda Olivero, whose Countess ought to have been shattering, was unable to leave a strong impression. And the rest of the cast was inade- quate. Patricia Craig is a sweet soprano, but she is not up to demands of the role of Lisa, and the tenor Jack Trussell was way off the mark as Herman. The smaller roles—usually a strong point in Spoleto—were dimly sung. The young orchestra played well, and the Westminster Choir (regularly present at Spoleto these past few years) was a tower of strength. Rhonda Gillespie, though sensitive to the music's nuance and its ability to act, Sanjust's sets were mostly handsome, though apparently cumbersome to change (the intervals were long), and the costumes were beautiful. His staging exploited the mobility of the chorus and worked well in the more crowded scenes. With the principals, his invention was less in evidence (and surely the Countess should have been more doddery; Madame Olivero hardly looked like someone to be frightened to death by a mere interloper, armed or not).

The Spoleto Festival, however, is unpredictable. If one offering is a failure, another is unex- pectedly a triumph. This was the case of Britten's *The Rape of Lucretia*, which was run up at the last moment (the last printed programme of the festival, in fact, did not include Alberto Bruni Tedeschi and Der Kaiser von Atlantis by Viktor work is engaging, touching



Sandra Walker and Sheila Barnes in 'The Rape of Lucretia'

Melisso, Sanjust designed an in- telligent backdrop (exploiting ex- tant scenery that has been in the theatre since the 19th century), Rhonda Levine worked out a piece of effective production, and the young, largely-American cast sang movingly, while David Agler conducted the small, virtuosic orchestra with obvious, profound knowledge of the score.

The cast was such an excellent team that I am reluctant to single out any of its members, but mention must be made of the noble Lucretia of Sandra Walker and the admirable clarity of Kathryn Bouley and Melvin Brown, the female and male chorus.

Also in the Caio Melisso there was another operatic evening, a double-bill featuring something called *Paolina la giurista causa e preclerale* at the Netherlands National Opera last December. Home Fujiwara and Osamu Eli- and it was this production that was brought to Spoleto. The happiest experiences of this festival

Ullmann. Bruni Tedeschi is a rich amateur, who was respon- sible both for the text and the music of his dreary, pretentious piece (essentially a spoken piece, with a plodding produc- tion). Apparently he made a sizeable contribution to the amount, but whatever it was, it was not enough.

Viktor Ullmann died in Auschwitz in 1944 at the age of 46. A pupil of Schönberg, he had enjoyed some success before his internment by the Nazis. In the Theresienstadt camp, where he was first confined, he wrote— with the painter-port Peter Kien —the little allegorical opera *Der Kaiser von Atlantis*. Perform- ance was forbidden in the camp, and the work was thought lost. Recently rediscovered, it had its premiere at the Netherlands National Opera last December. Home Fujiwara and Osamu Eli- and it was this production that was brought to Spoleto. The happiest experiences of this festival

(apart from all external, his- torical considerations, why the idiom is that of Kurt Weill, skill- fully handled. The imported cast was excellent (especially Tom Haster as Death and Adriaan van Limpt as Pierrot); Rhonda Levine's staging was mas- terly in its simplicity and tact; and elements of the Spoleto orchestra played brilliantly the intense conductor Kerry Woodward. A memorable oc- casion.

This production was, of course, not Spoleto's only im- portation. The Stuttgart Ballet, a festival favourite, presented two programmes. There were dancers from Trinidad, the Zulu Nacaboth. But Spoleto also ex- ports: the Baroque Théâtralé of Musicales company of Paris created in Spoleto a remarkable staging of Diderot's *Le nouveau le Bonheur*, which will later be taken to France. For this pro- duction, Emilio Carcano created a convincing 18th-century café inside the vast space of the de- consecrated church of San Nicola (scene of earlier produc- tions by Luca Ronconi). The audience sat around at the various tables and heard— overhead—the long (one hour 45 minutes) entrancing debate between 'Moi' (Diderot) and 'Lui' (the younger Rameau), adapted and magnificently pro- duced by Jean-Marie Simon; a production of genius. The bravura performance of Philippe Clevonot as 'Lui' was spell- binding, displaying an interpre- tive range rarely seen in the theatre nowadays; the subtle, sober 'Moi' of Jean-Marc Bory, however, was also perfect, the ideal, worthy foil.

No report from Spoleto is com- plete without some mention of the chamber music concerts. To the 'noon' hour series, devised with seemingly endless resource by Charles Wadsworth, an after- noon series—largely Italian and directed by Giorgio Vissoso—has now been added, and is equally popular. The perform- ances are almost always on a high level, and some—like the Saint-Saëns *Fantaisie* for violin harn, magnificently played by —must be ranked among the happiest experiences of this festival

All of these securities having been sold, this announcement appears as a matter of record only.

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Taiwan might be banned 'so Games can go on'

BY OUR OWN CORRESPONDENT MONTREAL, June 12.

THE International Olympic Committee (IOC), after almost five days of non-stop talks, said it would recommend to the Council meeting later this week that Taiwan be excluded from the games "so that the games can go on" in Washington U.S. President Ford deplored the decision and called for a reversal of the ruling.

Mr. Lawrence Ping, chief of the Republic of China (Taiwan) delegation, said, "The IOC president (Lord Killanin) has announced we have lost the battle. He completely gave in to terms laid down by the Canadian Government. He is going to recommend to the Council session we do not take part. We shall stay at the games despite this loss of all Olympic ideals." But he added, the delegation would not take part.

Politics therefore appear to have won another victory over sport to-day and especially over the 80-year-old Olympic movement.

After discussing the problem all week-end, including 11 hours of talks with Ottawa officials on Saturday, the IOC's nine-man executive committee recommended that the Taiwan team should not be allowed to compete under the name, flag and anthem of the Republic of China.

The committee suggested that the team marched behind a flag bearing the five Olympic rings, but Taiwan refused.

"This is an extremely unfortunate day in Olympic history and I'm sorry it had to happen at the beginning of the Montreal Games," said Lord Killanin. "We have intervened at the highest levels but there has been no progress," he said.

Canada recognises the People's Republic of China as the sole Government of China. Taiwanese must have visas to enter Canada, and Ottawa has been insisting on this practice even for those carrying Olympic identity cards which are usually sufficient.

"The whole world is absolutely fed up with politicians interfering with sport," said Lord Killanin. "But we had no other choice. If we withdrew our sponsorship of the Games we

TV row over White House state dinner

By David Bell

WASHINGTON, July 12.

THE QUEEN left for Montreal last night leaving behind her a bitter row inside the White House about the coverage of the state dinner held in her honour last week.

Mr. Ron Nessen, the President's Press Secretary, admitted yesterday that he was so angry about the way the dinner was covered that he has effectively sacked Mr. Robert Mead, the President's television adviser, for failing properly to co-operate with the Public Broadcasting Service (PBS) which was televising the affair.

The state dinner gave PBS one of its largest audiences with a 25 per cent share of the national audience on average throughout the four hours of the broadcast. For public television, the poor relation of the three commercial networks, this was an almost unheard of figure.

But the delight of their executives has been considerably marred by the fact that the broadcast itself was an electronic disaster. Rain knocked out many of the cameras which was in itself bad enough. Worse, according to PBS staff, the White House severely co-operated "and even prevented technicians from moving from one place to another."

The name of the game is prime television time, writes Jurek Martin from New York

The Democrats convene

THE DEMOCRATS CONVEENE

FOUR YEARS ago in Miami Beach, the Democratic Party debated its policies for the general election for 11 hours until five o'clock in the morning. The official platform itself was dictated and served up for dinner and breakfast. 20 minority reports were endlessly debated, all subjects dear to the liberal hearts. The process was indeed open, but it was without doubt completely chaotic.

This week in Madison Square Garden is light years away from the steamy emotions of Miami Beach. So keen is the party to regain the White House that it has decided not to saddle itself with the advocacy of issues that might be considered too red a cut of meat for the American electorate.

Controversy, in fact, is virtually non-existent. Only one minority report on the party platform—calling for the repeal of the Hatch Act, which prevents federal employees from engaging in partisan political activity—seemed likely to be discussed separately. But the odds are now in favour of even this matter being settled amicably off the convention floor.

The platform itself is largely drawn up at the behest of Mr. Jimmy Carter. It is divided into six sections—the economy (with commitments to full employment, that is, 3 per cent adult unemployment by 1980, price stability and balanced growth); government reform and business accountability (including a pledge to enforce vigorously the anti-trust laws, but not to break up the major oil companies); government and human needs; states, counties and cities; natural resources and environmental quality; and international relations.

The policies are all those with which Democrats of all stripes can live. Testament to this is the choice of speakers who will address the convention on various aspects of the programme. For example, Mr. George Wallace, the Governor of Alabama,



Mr. Jimmy Carter: engineering a proper send-off.

will discuss the reform of McGovern-Fraser liberal-reforms government. Mayor Daly of Chicago, aid to the cities, and Patricia Roberts Harris, the first Black woman ever to serve as an American ambassador overseas, foreign policy.

Unlike 1972, when there were countless roll-call votes on any number of issues, the platform is likely to be adopted without discussion and probably without recourse to anything other than a voice vote of acclamation to-morrow night.

The other issue in the margin of the convention, which in the absence of any other hard news beyond the selection of a running mate for Mr. Carter may command some attention, is the attempt by feminists to change the rules governing the next convention four years from now.

The feminist lobby is seeking to compel the party to adopt the principle that in 1980 half the convention delegates must be women. Mr. Carter has involved himself personally in attempts to defuse any confrontation and the hope remains that what will emerge will be no more than a loose commitment to this goal.

However, the feminist concern does underline the way in which this convention differs from that four years ago. Then the party's axiom was that the full spectrum of society (women, Blacks, other minority groups, and the young) should be properly represented, if necessary by enforced quotas. These were the products of the

that this chance should not be jeopardised by extraneous controversy. But 1980, they feel, is another matter.

Simply because the Democrats do have a proclivity for controversy, some demonstrations can be expected this week. Indeed, with five areas around Madison Square Garden designated for such public protest.

Yesterday the anti-abortionists paraded up and down. But few people seemed to notice.

Finally, it is worth remembering as an illustration of the spirit of unity that pervades in 1976 the contrasts between this convention and the last one held by the party in New York, in the old Madison Square Garden, in 1924. Then it took the party 17 days and 103 ballots before it settled on the compromise candidacy of Chester Davis. A native-born Georgian played no small role in that convention, too, in the person of William Macadoo, the candidate of the Ku Klux Klan, whose bitter feud with Al Smith, the Tammany Hall nominee, sent the session into protracted overtime.

In 1976 the name of the game is to fit everything into the requirements of prime-time television, and to give the nominee and his running mate the sort of send-off that will propel him towards the White House in November.

OPEC reserves increase slightly

BY DAVID BELL

WASHINGTON, July 12.

THE TOTAL reserves of the major oil exporting nations—taken as a group—showed very little increase in the first five months of this year, according to the latest set of statistics issued by the International Monetary Fund.

The reserves of Saudi Arabia, for instance, stood at \$23bn. at the end of May which is virtually the same level as at the end of December. Iran and Venezuela registered slight falls over the period but most of the other OPEC nations showed small increases.

The fund estimates that total reserves of the industrialised nations meanwhile increased by a mere \$24bn. over the five months to stand at \$124.3bn. by the end of May. Germany and Japan showed the largest increases with the United States not far behind. French reserves fell by \$3bn. while the UK's total reserves also declined by \$1.8bn. to \$5.4bn.

Total drawings from the Fund

in the first six months of the year were SDR4,900bn. (one SDR=\$1.14) which brings net drawings outstanding at the end of June to the equivalent of SDR13.5bn. Some measure of the current high level of Fund activity can be gauged from the fact that the disbursements in the first six months of this year were greater than for the whole of last year. Italy and the United Kingdom are among the countries with the greatest drawings on the Fund at the moment with Britain's outstanding drawing currently SDR2.4bn.

At the same time the fund notes that measured by its index for inflation in industrialised nations, the rate of consumer price increase has slowed to 7.5 per cent in May 1976 as compared with 11.4 per cent in May 1975 and 8.2 per cent in March and April this year. Of the countries surveyed Britain was still the country with the highest inflation rate although data on the United Kingdom was only included up to April this year.

Car hire 'monopoly' ban

BY JAY PALMER

WASHINGTON, July 12.

THE U.S. Federal Trade Commission today formally announced that its directors had decided to accept provisionally the terms of a proposed consent decree banning America's three largest car rental agencies from conspiring to monopolise airport rentals.

The FTC announcement follows a statement last March by the three companies themselves—Hertz, Avis and National—that they had reached a joint preliminary "understanding" with the staff of the agency on such a settlement.

Under the terms of this negotiated settlement, the three companies are specifically barred from "conspiring to monopolise" car rental business at any location, including airports. They are also forbidden to "fix or stabilize prices" or to take any actions that would have the effect of excluding smaller companies' competition.

The FTC's approval of these terms is, however, only preliminary. The terms of the settlement are on the public record where 60 days are allowed for challenge by interested parties. At the end of this period, the FTC may either review or withdraw its original approval.

To-day's settlement, which the companies jointly stress in no way involves any admission of guilt on their part, grew out of a complaint issued just over a year ago alleging that the three had fixed rental prices, harassed smaller competitors and deliberately worked to bar smaller competitors from prime airport locations.

According to the original FTC complaint, the three companies in 1973 controlled 96 per cent of the "on airport" rental market—then valued at over \$500m. a year—and 100 per cent of the rental market at America's 20 largest airports.

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WORLD TRADE NEWS

Japan expects to become major computer exporter

CHARLES SMITH,

TOKYO, July 12.

ALUE of Japanese computer exports in 1985 will be about £730m, or 18 times what it was in 1975, according to a survey by the Japanese Ministry of International Trade and Industry (MITI). MITI will make computers a Japanese export industry by 1985, when it is expected to reach about 15 per cent of a computer output, compared with 3.7 per cent in 1974. MITI says that the rise in exports will still be running an international balance on computer trade by 1985, the year when computer imports are expected to reach ¥185bn, compared with ¥185bn in 1974. But the rise

will be slower than that of computer exports and by the mid-1980s the proportion of imported computers in use in Japan will be significantly lower than at present. The export forecast is part of a comprehensive MITI projection for the computer industry in Japan which also points to the following: total value of computers in use by 1985 to reach ¥515bn, or three-and-one-half times the 1974 level. Domestic production of computers to increase 4.3 times to ¥2,488bn. For the Japanese information industry as a whole (computers plus software) MITI sees a 4.6-fold growth up to 1985, giving a production value of ¥3,795bn. One of the main problems

Intage 'mania' in Japan boosts British car exports

CHARLES SMITH

TOKYO, July 12.

IS OF classic British Japan could quite rapidly in sales of new British cars by the rate at which car "mania" is spreading among wealthy Japanese. Peter Dodd, a 30-year-old Rolls-Royce employee company, Peter Dodd and his wife, is staging a classic exhibition at the British Marketing Centre in Tokyo. He says that about 15 of his customers are at present, but estimate the ratio could quite use to 50 per cent. He is demand for classic cars at the rate of about one a day and claims to control over 50 per cent of the classic car exhibition was held yesterday with a "ade" from the British y to the Marketing after which one car (a 1935 Jaguar) was sold. He said today that he had created parties for each other cars in the exhibition including the Rolls-Royce Phantom Laundrette. Dodd first visited Japan in 1975 after noticing the ng flow of Japanese cars through his London

showroom. He came again in November of last year and in March and May 1976, by which time it had been decided to form a Japanese subsidiary and open a showroom in Tokyo. The total number of classic cars sold by Peter Dodd Associates, between October 1974 and December last year is given as 37 (including 20 Rolls-Royces) worth a total of ¥2,150m, or about £320,000. Exports of new British cars to Japan last year were worth £4.1m, but in the first five months of 1976, largely because of the inhibiting effect of Japan's new emission controls, imports were down to \$800,000. Asked about the relevance of Japanese emission controls and other controls to the classic car business, Mr. Dodd said today that all his models could be adapted to meet the 1973 standards. There was some vagueness about the application of the 1976 round of controls to classic cars, but the fact that the new controls apply from the date of manufacture of foreign cars rather than from the date of import appears to leave the door open for the import of pre-1976 models.

This point was cleared with the Japanese authorities so far as the cars in the present exhibition are concerned. Mr. Dodd says that even if future classic car imports run into emission control obstacles they could still be sold in Japan because most classic car owners would not want to operate their cars on a regular licence. Peter Dodd's Tokyo prices are about 50 per cent higher than equivalent U.K. prices, of which

about 30 per cent is accounted for by the cost of bringing the car to Japan. Payment terms are cash only, with 25 per cent deposit required to secure a car for a buyer. Despite these conditions Mr. Dodd said today that the main problem was finding enough cars.

Export drive for Escorts

is planning a big export drive in the late summer and for its Escort models, the best-sellers in the domestic market, our industrial staff. production plants in India of August following the week annual holiday intends to export about Escort saloon and cars before the end of ar. That total will be double the number exported to Europe in the whole year. Exports have been up rapidly this year, not a monetary terms but unit sales. In the first 1976 overseas sales of 27 per cent to \$3,000 2,300 last year.

ment move- stan and Kuwait have led an agreement for the ment of a joint investment company with a share of \$25m, to be equally ted by the two coun- r Karachi correspondent. The investment com- o be based at Karachi incorporated under Paki- w, will identify econo- profitable investment unties and carry out ity studies. It will also capital for projects l by it.

Nigeria plan Daimler Puch, the Austrian motor com- announced today the of the contract in Lagos etting up a joint com- th a capital of Sch.290m. \$m.) for producing and tractors in Nigeria. The company will hold cent of the capital, the Government 35 per cent and other Nigerian the rest, our Vienna Lagos correspondents

has been exporting for several years to This year 1,400 lorries shipped to Nigeria. The would go on stream in producing in the final 000 lorries, between 5 to and 2,000 tractors per rolling mill

sh Engineering consor- oelgard et Schultze and the French com- EM (Compagnie Francaise rises Metalliques) have order for a 450m, mill to be built at Bran- in East Germany, Renter from Copenhagen. Con- work is due for comple- in the next three years. Each company will under- construction work worth ated 40 per cent of the ue of the order.

gas treatment tional Systems and Con- (C) has reported that its lval and Byssou man- off subsidiary has been

Berliet may build plant in S.E. Asia

By Rupert Cornwell

PARIS, July 12.

THE FRENCH State-owned group, Renault, is putting out feelers for the possible construction of a truck plant in Vietnam—a move that would carry the battle against the company's Japanese competitors into their own backyard. Renault officials emphasise that the negotiations, which are understood to involve Berliet, the lorry subsidiary acquired in the December 1974 shake-up of the French motor sector, are only at the most preliminary stage. That Vietnam is not the only site under consideration is indicated by the visit of the Indian Transport Minister last Friday to Berliet's headquarters at Valenciennes. The idea of breaking into a Communist market is not as revolutionary for Berliet as it might sound. Already it has done extensive business with the Chinese People's Republic. These export successes have however been increasingly hard won. Despite a recovery in the domestic market with the economic upswing, the decline in foreign sales and orders have prevented both Berliet and its stablemate Savien from recovering full financial health.

In 1975 they showed a combined loss of Frs.150m. This year it seems that Berliet might be back in the black, while Savien has already reported a 13 per cent climb in output over the first four months of 1976.

The contradictions of Chinese oil policy

BY COLINA MacDOUGALL

FROM THE miraculous, the Chinese oil industry is dropping to a more everyday status. Output is still rising, but much less sharply than a year ago. Exports are actually falling (though sales to Communist countries might be up) and there are occasional signs of shortage at home.

Two men responsible for the oil industry, the Planning Minister and the Oil and Chemicals Minister, may have been sacked, though this could have been for political reasons. Neither of them have been seen in public for months. Although there is no evidence yet to show whether there has been a deliberate policy change, the attack on former Vice-Premier Teng Hsiao-ping for wanting to export oil and coal to pay for technological imports inevitably makes one wonder.

According to official Chinese figures, the growth of production in the oil industry as a whole fell to 12.7 per cent in the first three months of this year, as opposed to 25 per cent in the first half of 1975 and an average increase of over 20 per cent annually in previous years. The star oilfield of Tachin, believed to produce about half China's total, slowed to 11.3 per cent after average annual increases since 1966 of 18.7 per cent. Even more revealing, the increase in production of industrial output in Heilongjiang province (where Tachin is by far the largest enterprise) was only 4.6 per cent. Exports to Japan, by far China's largest customer for oil, have been reduced. China's oil is expensive and hard to handle, so the Japanese do not like it.

The total agreed for sale this year was 6.1m. tons, well below last year's 8.1m., though an option exists for the remaining 2m. While originally it was the Japanese who resisted buying more, there is some doubt as to whether they will get even the full agreed tonnage. For unexplained reasons (there were rumours of an accident at Tachin) the Chinese cut shipments heavily in the spring.

As for the drop in the rate of increase in production, even without an accident it is quite natural that output at Tachin should have flattened out. What is difficult to evaluate at present is how far the Chinese are the victims of circumstance and how far they are deliberately slackening pressure to expand the oil industry.

First view

Supporting the first view is the evidence of the rumoured explosion, the suddenness of the fall in total crude output, the unwillingness of the Japanese to buy, and the calculation that, whatever the cost, the strategic and economic importance of oil is of overriding importance.

Supporting the second is the limited overseas market for Chinese crude, the fact that the petrochemical industry may not yet be ready to absorb its full share of oil as feedstock (the American fertiliser plants under construction have fallen behind schedule), and the problems the Chinese may be meeting in exploiting the fields at Takang and Shengli. In addition there is the undesirable quality of the

crude itself, and the fact that the huge effort in oil over the past few years has taken investment from other needy sectors.

Yet China is still searching the world for oil production equipment. It is continuing to buy petrochemical and allied plant in larger quantities than any other industrial equipment, so it looks at if no long-term hurdles in the supply of feedstock for the petrochemical industry is expected. No more pipelines seem to be currently planned, however. Pipelines already exist from Tachin to the coast and to Peking, and this may be adequate for the moment.

At this point oil production looks likely to grow much more slowly than it did a year ago. Whether this is by accident or design remains to be seen. China's crude oil production, a recent visitor to Peking was told, would reach 100m. tons next year or the year after. At last quarter's 12.7 per cent rate of increase, this figure would be reached in 1978. If the rate picked up to 15 per cent (which seems quite possible) production would get there by 1977.

At 15 per cent, production would by 1980 have reached 150m. tons, one of the lowest of the Western estimates made hitherto. However, the Chinese seem unlikely to use more than about 110m. tons of that themselves. This is taking into account a switch-over to oil-fuelled industry and transport as well as the growing petrochemical industry.

Export prospects for the next few years are far from clear. Discussions with the Japanese over a long-term export deal

seems to have collapsed. Japanese oilmen are not keen to commit themselves to more expensive-to-process Chinese oil than they must.

Refineries

The stung close to ports of the refineries currently under construction suggests that Peking is planning a much increased export of refined products. These are not likely to go to the U.S. or Europe, but could find a home in Japan. Hong Kong is a likely destination, and China pushed up sales to the colony substantially in the last two years. It probably makes sense for the Chinese to build refineries specially equipped to handle their own peculiar type of crude than to sell it to customers used to the much lighter Middle East type.

The lack of growth in oil exports will mean slower increases in convertible currency earnings to help pay even for the more limited technological imports that the radicals in the leadership might accept. Although the Chinese now appear to have settled into buying foreign plant on supplier credit and have no difficulty in borrowing funds through the international banking system, this must undoubtedly have meant some worry in Peking. On the few figures available so far this year, the trade gap with Europe at least is widening.

What precisely the future Chinese strategy is to be is far from clear. The next round of percentage increase figures due out this month should provide firmer clues.



Rosie appears by kind permission of Mary Chipperfield.

These days, it's worth remembering how much a Mini can carry.

Many people tend to overlook Mini® vans and pick-ups for one reason—their size.

Which is rather surprising, since it's one of their strongest points.

For example, the Mini van has 58 cubic feet of loadspace—more than enough for the largest boxes and trunks.

While the pick-ups versatile 26½ cubic feet can carry some of the bulkiest loads imaginable.

And both models will bear the burden of a quarter of a ton with no complaints.

Obviously, if the Mini is big enough for your needs, buying a bigger

van would be rather like using a sledgehammer to crack a nut. And an expensive sledgehammer at that.

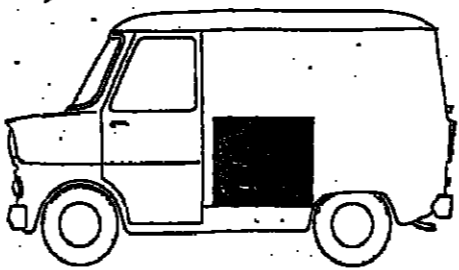
Because compared with the Mini's economy in both purchase price and running costs, any other van is bound to come off worse.

And it is just as certain that no other van could offer the Mini's unique combination of nippy performance, tight manoeuvrability, or Supercover-backed reliability.

So, if you want jumbo-size loadspace without having to pay a jumbo size price, remember the Mini.

It makes the most of a little.

Mini Vans 
From Leyland Cars. With Supercover.
*Mini is a registered Trade Mark.



Why use a sledgehammer to crack a nut?

HOME NEWS

Manchester Steel buys Johnson wire rod mill

BY ROY HODSON

AN INTEGRATED steel-making operation in Manchester will be the result of a £4m. plus deal concluded yesterday in which the Manchester Steel mill-mill company bought the nearby wire rod mill belonging to the Johnson and Firth Brown steel combine.

Manchester Steel, owned by the Norwegian Elkem-Spiger-verket group, is to spend £500,000 on new equipment for the rolling mill to give an overall production capacity on the joint site of 250,000 tonnes of wire coil a year. There are also plans to install a second electric arc furnace at Manchester Steel to raise steel-making to a similar figure to feed the wire mill.

The deal, forecast in the Financial Times on April 29, marks an important step forward in the development of Manchester as a centre of the private steel sector.

Negotiations have been protracted and the financial details indicate how difficult it has been to arrive at a price.

Under the agreement signed between Mr. Erik Lundgaard, chairman of Manchester Steel, and Mr. Tim Kirkbride, chairman of the Johnson and Firth Brown rod and wire division, Manchester Steel will pay £3.5m. in cash. There is also a deferred consideration related to the wire rod mill's profits before tax and wire products.

More Home News
Page 11

...is already working, and finally, a rolling mill. Mr. Hans Sundt, managing director of Manchester Steel, said last night that the programme would be accelerated now that the company had been able to buy the nearby mill instead of having to build a new one itself.

Mr. Kirkbride commented that it was "the correct combination" of being together under one ownership the steel-making plant and the rod mill even though it meant a basic change in direction for the rod and wire division of Johnson and Firth Brown to move away from steel rod rolling. The division intends to concentrate resources on the downstream activities for wire rod mill's profits before tax and wire products.

Until the sale of the Manchester mill the company had been in steel rod rolling continuously for more than a hundred years.

Manchester Steel has given assurances that the markets for rods established by Johnson and Firth Brown over the last three years, and the customer relationships involved, will be maintained and developed.

Mr. Lundgaard, discussing the philosophy behind the take-over, said that by acquiring an existing rolling mill and utilising current production capacity Manchester Steel was saving possibly three years' planning and building time. The company would thus be better placed to take advantage of the market when an upsurge in trade occurred.

Court adjourns annuities case

THE POLICY Holders' Protection Board is considering what relief it can give holders of Capital Annuities under the 1973 Insurance Act, the High Court was told yesterday.

The judge adjourned for 14 days a winding-up petition brought by the company based on its actual insolvency. The company is in provisional liquidation and a special manager had been appointed.

Alcan puts up price of primary aluminium ingot by 15%

BY RHYS DAVID

ALCAN (U.K.) is increasing the price of primary aluminium ingot for customers in Britain and Ireland by £70.60 to £526.60 with immediate effect—a rise of about 15 per cent. Rolled products and strong alloy extrusions supplied by Alcan Booth have been increased in price by about 14 per cent, and other extrusions are being increased.

The rise represents in part an adjustment as a result of the fall in the value of sterling and according to Alcan, will still leave U.K. prices below those in the U.S. and on the Continent.

The evidence recently of a return to stronger levels of demand for aluminium has made it possible for Alcan to go a long way towards closing this gap, with the latest increase bringing the U.K. price up to a dollar equivalent of about 42.5 cents per pound. In the U.S. the price per pound is 44 cents but in France, where a rise recently has been announced, the price is about 48 cents.

The latest Alcan increase, which has passed through the necessary Price Commission formalities, comes three

months after the rise in April which took the price up from £420 to £456. Before that the price had been increased in December from £396 to £420. Since the turn of the year a substantial increase in demand for aluminium has taken place as a result of the pick-up in industrial activity and restocking by customers and producers now are reporting an increase in shipments to domestic and export customers in recent months of about 15 per cent, compared with the end of last year.

Strike

Alcan has been operating force majeure on its contracts for the past month as a result of the strike affecting several of the Canadian parent's main smelters. Supply is being reduced on average by about 20 per cent, although the figure is higher in some production areas.

The five-week-old strike, over new labour contracts, has affected about 315,000 tonnes of Alcan's total capacity of more than 1m. tonnes in Canada. Before the strike the company was operating at about 80 per cent capacity in Canada.

Report on motor industry talks soon

By Terry Dodsworth, Motor Industry Correspondent

MR. ERIC VARLEY, Industry Secretary, is expected to make a report later this week on the progress of the talks between the Department, the heads of the big four motor companies, and Mr. Jack Jones and Mr. Hugh Scamell of the transport and engineering workers' unions.

The report will probably cover areas of common interest, such as Government intervention in the industry and the role of central economic management. It is also expected to include some kind of declaration of intent on the part of both unions and management on productivity and industrial relations.

The tripartite meetings are said to have been a considerable success at the personal level, with industry leaders impressed by Mr. Varley's willingness to listen to their point of view.

The way in which the industry's feelings on the new company car tax proposals were forcefully put across, leading to a change of policy, indicates that relations have improved considerably over recent months.

However, there are several delicate areas, such as import controls, where it will be more difficult to reach agreement. Vauxhall, for example, has remained strongly opposed to any kind of control, despite British Leyland's conversion to some selective curbs, particularly against East European imports.

At the same time Mr. Varley will not be able to report a uniform improvement in performance. The British industry is still losing market share to imports.

Car production is also falling to increase fast enough to meet demand, partly because of industrial disputes earlier this year at British Leyland.

Unions to be given grim forecast on shipbuilding jobs

BY JOHN WYLES, SHIPPING CORRESPONDENT

A GRIM analysis by the Government of the market difficulties facing Britain's shipbuilding industry has been presented to trade union leaders for discussion at a meeting to-morrow.

Mr. Eric Varley, the Industry Secretary, will use the document prepared by his Department to try to convince leaders of the Confederation of Shipbuilding and Engineering Unions that the new ships will have dire implications for traditional shipbuilding jobs in the next few years.

Mr. Varley will also be expected to reveal the extent of the concession on the creation of a Scottish entity within the shipbuilding industry which was tentatively offered to Scottish Nationalists at a night.

It is extremely unlikely that this will give in to Nationalist demands for a Scottish shipbuilding division, not least because the Government is against the creation of a Scottish entity within the shipbuilding industry which was tentatively offered to Scottish Nationalists at a night.

At the same time, the Government is expected to reveal the extent of the concession on the creation of a Scottish entity within the shipbuilding industry which was tentatively offered to Scottish Nationalists at a night.

Mr. Varley in public speeches, a structure.

Orange Day passes quietly in Ulster

BY GILES MERRITT IN BELFAST

IN CONTRAST to fears that yesterday's Orange Day celebrations in Ulster would trigger fresh sectarian violence, the most notable attack on the marching Orangemen came from within the Loyalists' own ranks.

Mr. William Craig, Vanguard leader, told Orangemen in Co. Down that the 100,000-strong Order is politically impotent. He went on to criticise the Order's leadership for waiving in its support of the inter-party talks between the Official Unionist Party and the mainly Catholic Social Democratic and Labour Party.

Mr. Craig's outburst was checked.

apparently aimed at strengthening Loyalist support for the talks and for Orange Order leader, the Martin Smyth, who initiated them.

Tight security was in evidence throughout the Province as army and RUC units patrolled the Orange Day processions to head off clashes between marchers and republican hecklers.

Because of recent bombings in the Irish Republic by the militant Ulster Freedom Fighters arm of the Protestant UDA, Irish police and army forces mounted rigid border checks.

Exports 'lost through lack of motorway'

BY OUR MIDLANDS CORRESPONDENT

SOME COMPANIES are missing export deadlines because of the lack of a motorway link between the Midlands and Felixstowe and other East Coast ports, says Birmingham Chamber of Industry in an attack on the absence of a fast road link to one of the most important exporting regions in the U.K.

It contrasts this with the "absurd position" of Avonmouth, primarily an importing port, being connected to the East and South-East ports taking a large share of the trade.

"This is British Export Trade Year, yet the Midlands has a most inadequate road link with our major European exporting ports on the East Coast," Mr. Alex Laker, the chamber's president, points out.

"All we have been promised is that a single carriageway road will be ready by the mid-1980s. By that time, according to the National Ports Council, non-fuel trade with the EEC will be nearly 40 per cent, up with the East and South-East ports taking a large share of the trade."

N-waste treated 'wrongly'

BY DAVID FISHLICK, SCIENCE EDITOR

BRITAIN, the U.S. and France called by the U.S. Energy all made the same mistake in planning the large-scale reprocessing of spent nuclear fuel, just what the problems are we Sir John Hill, chairman of the U.K. Atomic Energy Authority and the Government's chief adviser on nuclear matters, told an annual conference in Denver, Colorado, yesterday.

Instead of thinking in terms of tonnes of throughput, as £250m. would be normal in chemical engineering, they should have planned, in terms of the amount of radioactivity expected, and uptake pathways, and on containers, before irretrievable better judgment of the problem disposal of nuclear waste could be carried out for anything Sir John told a conference on nuclear waste management said Sir John.

More research was needed on geological formations, on oceanic movements, and on the disposal of nuclear waste, he said.

He carried out for anything Sir John told a conference on nuclear waste management said Sir John.

Ladbroke-Courage deal

BY ARTHUR SANDLES

LADBROKE HOLIDAYS, the principle earlier this year, Ladbroke puts the Perran Sands subsidiary of the Ladbroke Holiday village in Cornwall into the company and Courage transfers one centre in Cornwall and another in Devon into the new company. The net asset value of the new company is around £1.7m. Ladbroke will run and market the centres on a fee basis.

Under the agreement, made in

Fidelity plea adjourned

FIDELITY Corporation's proposals to save its subsidiary, Fidelity Life, from compulsory liquidation are unlikely to be agreed before the present law sitting ends on July 30, the High Court was told yesterday.

Mr. Justice Templeman granted another week's adjournment of a petition by the Secretary of State for Trade to wind-up Fidelity Life.

Fidelity Corporation's proposals, which envisage 100 per cent payments to policy holders, have been agreed by the Department of Trade and the Treasury. The court will give its approval and dismiss the petition.

Betting duty receipts up on last year

By Michael Thompson-Noel

THERE WAS a further advance in off-track betting turnover in May, according to provisional figures published by Customs and Excise to-day. General betting duty receipts from off-course bookmakers totalled £13.85m, compared with £11.13m. 12 months previously.

On-track bookmakers paid £84,000 in betting tax in May, compared with £87,000 a year ago, and the horse racing Total, £222,000 (£210,000). Football pool betting, however, showed a decline. The pool tax in May was £6.9m, a fall of £1.3m.

JOHANNESBURG CONSOLIDATED INVESTMENT GROUP

(All companies mentioned are incorporated in the Republic of South Africa)

MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30TH JUNE, 1976
WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

RANDFONTEIN ESTATES

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED
ISSUED CAPITAL: R10,827,100 (Divided into 543,553 shares of R2 each, fully paid)

| OPERATING RESULTS | Quarter ended | Quarter ended | Six months ended |
|---------------------------------|---------------|---------------|------------------|
| | 30.6.76 | 31.3.76 | 30.6.76 |
| Gold | 232,000 | 229,000 | 461,000 |
| Gold produced—kilograms | 3,328 | 3,229 | 7,557 |
| Gold—grams per ton | 18.5 | 17.1 | 15.3 |
| Total revenue—per ton milled | R58.83 | R56.34 | R54.21 |
| Working cost—per ton milled | R18.37 | R17.15 | R17.75 |
| OPERATING PROFIT—PER TON MILLED | R39.46 | R39.19 | R36.46 |
| FINANCIAL RESULTS (R000s) | | | |
| Revenue from gold | R13,104 | R11,742 | R24,846 |
| Working cost | 4,282 | 3,922 | 8,205 |
| Working profit | 8,822 | 7,820 | 16,261 |
| Tribute payable | 73 | 79 | 152 |
| Net sundry revenue | 287 | 105 | 394 |
| OPERATING PROFIT | 9,022 | 7,999 | 16,807 |
| Net interest receivable | 297 | 151 | 452 |
| PROFIT | R9,319 | R8,150 | R17,259 |
| Capital expenditure | R3,270 | R2,712 | R5,982 |
| Dividend declared | R5.04 | Nil | R5.04 |

NOTES:
1. A provision for taxation is not required as the company has an estimated loss for tax purposes.
2. During the quarter 3,900 tons of ore from the Randfontein mine were milled in the Western Areas Gold Mining Company Limited in order to carry out extensive milling tests. This tonnage has not been included in the Operating Results shown above.

| CORRE SECTION | Quarter ended | Quarter ended | Six months ended |
|---------------------------|---------------|---------------|------------------|
| | 30.6.76 | 31.3.76 | 30.6.76 |
| NO. 1 SHAFT SYSTEM | | | |
| Advanced—metres | 1,899 | 1,620 | 3,519 |
| Sampling results: | | | |
| Channel width—metres | 244 | 258 | 502 |
| Ave. value—grams-ton | 19.1 | 17.2 | 15.3 |
| Channel width—centimetres | 36.7 | 34.0 | 35.8 |
| Ave. value—grams-ton | 17.5 | 16.4 | 15.3 |

The first development values shown in the above table are the actual results of sampling development work on reef. No allowance has been made for modifications which may be necessary when sampling is resumed.

NO. 2 SHAFT SYSTEM
Shaft sinking
The main shaft advanced from 1,870 m to 1,913 m during the quarter. While development on the shaft four levels continued from the foundation shaft with 752 m more advanced during the quarter.

CAPITAL EXPENDITURE
Net expenditure on mining assets during the quarter amounted to R3,270,000, bringing the total net capital expenditure at 30th June 1976 to R5,982,000. The total net capital expenditure at 30th June 1975 was R2,712,000.

For and on behalf of the board:
P. A. SMITH, Directors
D. H. STEVENSON

OTJIHASE

OTJIHASE MINING COMPANY (PROPRIETARY) LIMITED
AUTHORISED CAPITAL: R2,000,000

PROGRESS REPORT
A significant improvement in the underground production rate was achieved during the last quarter and the operation of the concentrator plant has proved to be an asset with respect to both copper concentrate and ore production.
A new furnace installed at Tsumeb Corporation Limited for the treatment of Otjiase copper concentrates was used to treat concentrates at the end of the quarter. The first delivery of copper concentrate was to be returned from Tsumeb Corporation Limited during July for shipment to the refineries.

CAPITAL EXPENDITURE
Capital expenditure during the quarter ended 30th June 1976 amounted to R1,409,000 bringing the total of capital expenditure to R3,538,000. These figures are provisional and may be adjusted on completion of the audit of the company's accounts for the financial year ended 30th June 1976.

For and on behalf of the board:
P. A. SMITH, Directors
D. H. STEVENSON

WESTERN AREAS

WESTERN AREAS GOLD MINING COMPANY LIMITED
ISSUED CAPITAL: R4,306,850 (Divided into 43,068,500 units of stock of R2 each)

| OPERATING RESULTS | Quarter ended | Quarter ended | Six months ended |
|---------------------------------|---------------|---------------|------------------|
| | 30.6.76 | 31.3.76 | 30.6.76 |
| Gold | 240,000 | 240,000 | 480,000 |
| Gold produced—kilograms | 3,328 | 3,229 | 7,557 |
| Gold—grams per ton | 18.5 | 17.1 | 15.3 |
| Total revenue—per ton milled | R58.83 | R56.34 | R54.21 |
| Working cost—per ton milled | R18.37 | R17.15 | R17.75 |
| OPERATING PROFIT—PER TON MILLED | R39.46 | R39.19 | R36.46 |
| FINANCIAL RESULTS (R000s) | | | |
| Revenue from gold | R13,104 | R11,742 | R24,846 |
| Working cost | 4,282 | 3,922 | 8,205 |
| Working profit | 8,822 | 7,820 | 16,261 |
| Tribute payable | 73 | 79 | 152 |
| Net sundry revenue | 287 | 105 | 394 |
| OPERATING PROFIT | 9,022 | 7,999 | 16,807 |
| Net interest receivable | 297 | 151 | 452 |
| PROFIT | R9,319 | R8,150 | R17,259 |
| Capital expenditure | R3,270 | R2,712 | R5,982 |
| Dividend declared | R5.04 | Nil | R5.04 |

NOTES:
1. The above results include 3,900 tons milled on behalf of The Randfontein Estates Gold Mining Company Limited, as part of extensive milling tests conducted during the quarter.
2. During the quarter 3,900 tons of ore from the Randfontein mine were milled in the Western Areas Gold Mining Company Limited in order to carry out extensive milling tests. This tonnage has not been included in the Operating Results shown above.

| DEVELOPMENT | Quarter ended | Quarter ended | Six months ended |
|---------------------------|---------------|---------------|------------------|
| | 30.6.76 | 31.3.76 | 30.6.76 |
| Advanced—metres | 1,899 | 1,620 | 3,519 |
| Sampling results: | | | |
| Channel width—metres | 244 | 258 | 502 |
| Ave. value—grams-ton | 19.1 | 17.2 | 15.3 |
| Channel width—centimetres | 36.7 | 34.0 | 35.8 |
| Ave. value—grams-ton | 17.5 | 16.4 | 15.3 |

The first development values shown in the above table are the actual results of sampling development work on reef. No allowance has been made for modifications which may be necessary when sampling is resumed.

DEVELOPMENT TO S.V. 3 SHAFT
Development towards the proposed S.V. 3 shaft continued during the quarter. Although progress is still slow, the shaft has been advanced from 1,870 m to 1,913 m during the quarter. While development on the shaft four levels continued from the foundation shaft with 752 m more advanced during the quarter.

CAPITAL EXPENDITURE
Net expenditure on mining assets during the quarter amounted to R3,270,000, bringing the total net capital expenditure at 30th June 1976 to R5,982,000. The total net capital expenditure at 30th June 1975 was R2,712,000.

For and on behalf of the board:
P. A. SMITH, Directors
D. H. STEVENSON

ELSBURG

ELSBURG GOLD MINING COMPANY LIMITED
ISSUED CAPITAL: R3,200,000 (Divided into 32,000,000 units of stock of R2 each)

RESULTS FOR THE QUARTER ENDED 30th JUNE, 1976
Shareholders are advised to study the operational results published by Western Areas Gold Mining Company Limited.

| DEVELOPMENT | Quarter ended | Quarter ended | Six months ended |
|---------------------------|---------------|---------------|------------------|
| | 30.6.76 | 31.3.76 | 30.6.76 |
| Advanced—metres | 1,899 | 1,620 | 3,519 |
| Sampling results: | | | |
| Channel width—metres | 244 | 258 | 502 |
| Ave. value—grams-ton | 19.1 | 17.2 | 15.3 |
| Channel width—centimetres | 36.7 | 34.0 | 35.8 |
| Ave. value—grams-ton | 17.5 | 16.4 | 15.3 |

For and on behalf of the board:
P. A. SMITH, Directors
D. H. STEVENSON

Copies of the above Reports are obtainable from the London Secretaries: Barnato Brothers Limited, 27 Austin Friars, London EC2N 2YE

THE WORKHORSE AT THE FRONT HELPED PAY FOR THE RACEHORSE AT THE BACK.



Before you do an extravagant thing like buying a racehorse, do a sensible thing like buying a Volvo.

Because while you can't count on a racehorse winning you money, it's a safe bet a Volvo will save you some.

In Sweden, the Motor Vehicle Inspection Authority recently put the average life of a Volvo at 16.6 years. (That's about 2 years longer than the next best car.)

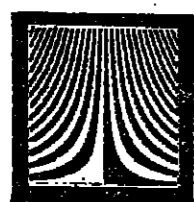
A Volvo runs on economy grade petrol. (Despite

being faster than most cars in its class between 30 and 50mph.)

And because Volvos don't fall apart in cold weather you needn't spend out on winter stabling.

Every Volvo has 15 vital parts of the bodywork made from rust proofed galvanised metal.

Not surprisingly old Volvo estates are usually in better shape than old racehorses. A fact nicely reflected in their re-sale prices. **VOLVO 245**



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

INSTRUMENTS

Complex curves simply scanned

EUROPEAN and International Standards have been written around a car windscreen distortion analyser developed by Pilkington Brothers in association with Integrated Photo-matrix.

A row of 128 detectors, built on a 12mm base, is used to replace the human eye in gauging the visual distortion which occurs when hot glass is reworked and laminated.

To be marketed under the name Diascan, the analyser employs Pilkington's projection technique—adopted at their Triplex factory—of throwing a tiny disc pattern through the windscreen on to a white display screen. The pattern changes shape if distortion is present. Traditionally a ruler was used to measure the degree of distortion which was taken as the

distance between the two points showing the least intensity. It left much to the judgment of the operator.

Diascan does away with the possibility of human error and provides an electronic means of assessing the change in dimensions. The electronic eye supplied by IPL speeds the operation and has a capability of measuring to within four-thousandths of an inch. A red and green light tells the operator whether the windscreen is to be accepted or rejected.

Light, rugged, and claimed to be extremely reliable, the Diascan technique is hoped by Pilkington and IPL to be applied to other areas including remote inspection of the lips of glasses as they are made; and automatic scanning of faults in acrylic sheets.

Components Division, Integrated Photo-matrix, The Grove Trading Estate, Dorchester, Dorset, Dorchester (0906) 3673.

PROCESSING

High speed small unit burner

SMALL self-contained incinerator units combining high speed operation with low fuel combustion when burning both solid and liquid wastes has been introduced by PD Process Engineering, Prospect House, Crenson Street, High Wycombe, Bucks. (0494 35141), a Fowell Duffryn Group company.

Called the Furnapak, the incinerator is claimed to be the first to harness the rotating rubble shaft and air injection system, originally developed for much larger multiple hearth furnaces, on a scale suitable for applications such as the burning of hospital waste, sewage sludges, oils and sewage sludges, and canteen and general refuse.

Scrapers bars suspended by chains from rotating arms break up the waste and spread it evenly over the hearth. Air is blown through the rubble arms to improve combustion and hot air is recirculated to the combustion zone. This system solves a problem encountered with small incinerators in which waste tends

to compact on the hearth, reducing the air flow.

Once waste has been fed, operation of the incinerator is automatic. Manual raking during burning or for the removal of ash is not required. Ash is carried off by the scraper while the ash-box cover has been opened.

Chain mounting the scrapers means that solid items such as tins and bottles can be handled without prior separation.

The maker says tests of ash samples from the incinerator gave 0.5 per cent combustible matter content on sewage screenings and 0.3 per cent on hospital waste. The furnace meets BS 3316:1973 for hospital incinerators.

The standard unit consists of a 1.7 metre dia. vertical steel cylinder 2.5 metres high, with a retracting lining. The drive motor for the rubble shaft, and the fan for combustion air, are both mounted in a chamber fed through a loading door, while liquid wastes and pumpable sludges are fed through an inlet port and atomized in a low pressure air curtain sustained by the main fan.

Panel line for smaller shipyards

ESAB-HEBE, members of the international welding group ESAB, has designed and produced a panel production line system which is ideal for the small tonnage shipbuilding yards.

This new line is equally suitable for the building of medium-tonnage ships as well as the construction of small vessels, such as barges, tugboats, supply vessels, tow boats and landing craft.

Plates, already edge prepared, are loaded by a magnetic crane on to the line and positioned on the input conveyor.

The first finished panel is turned over by a turn-over crane combined with a lifting beam. The beam in the tack welding station and the second plate is conveyed so that its front edge is also positioned over this supporting bed.

Exact alignment over the bed is by hydraulic pushers. A press-down holding unit, carriage-mounted on the tack welding gantry is activated, pressing down undulations in the plates and tack welding is carried out using a semi-automatic welding gun with wire feed control, which is carried on the press-down carriage.

When the full length of the welded two plates has been conveyed one step forward and a third plate is added. This goes on until the desired panel size has been built up.

The complete tack-welded panel is conveyed to the next station and run-on and run-off.

When first side butt welding is finished the panel is turned over by a turn-over crane combined with a lifting beam.

Each-Hebe, 40270 Gothenburg, Sweden.

MACHINE TOOLS

Moog tool saves time and costs

INSTALLATION OF A Moog machine centre at the Loughborough factory of Rank Pullin Controls is reported to have reduced by more than two-thirds the time it takes to produce precision components.

Prior to this, a typical component required seven separate operations on conventional machine tools and involved a total machining time of 2 hours 20 minutes. Using the Moog, only two set-ups are necessary and machining time is reduced to 45 minutes.

Purchase of the 1000 MC TP machine centre by Rank Pullin was the first venture into NC machining by the Essex-based company, a subsidiary of Rank Precision Industries.

The machine is fully automatic with tool changing effected under tape command, and with tools stored in a random access 24-station magazine. The control system provides for positional control on the X, Y and Z axes, as well as on a fourth axis, the operation of an indexing unit.

Batch sizes are usually 125 and 100 off, with tool required to be within 0.001. Drilling, boring and aluminium components main work, and the spindle speed of 4000 r.p.m. is particularly suited to this application. Self results with the machine unattended Rank Pullin a second.

ELECTRONICS

Close watch on Texas

ON THURSDAY, Texas men will announce to the public in the lane of the low-cost electronic digital watch unveiled in the U.S. in this year.

Main characteristics: plastic case (polysulphone) functions and a watch chip on a square chip. It is a double integration in drivers for the digits on the watch face are for the chip that contains the machine function like a There is a range of colours and the watch is being presented in three levels—£15.95, £17.95 and £19.95—three models, it is understood.

This is the same unit announced in the U.S. this year at just under \$100. The pressure of demand has high in the American market the company is only now making some of the watches for the U.K. market. In the meantime, a unit will be the only centre the watch will be available purchase. It has already been sold in these shops for fortnight. Instruments, 16 Road, Slough, Bucks.

SOFTWARE

Big boost for U.K. package

ALTERGO Software and the Cullinane Corporation of the U.S. have agreed that the latter is to have the North American rights to the Shadow II teleprocessing monitor and associated products.

Cullinane will be responsible for marketing and support for all users, but in addition it will fully integrate IDMS with Shadow II to offer end-users a single source for both data base and communications products.

Predicted North American sales for the Shadow package in the first three years are over 250 systems, prices between 30,000 and 60,000 dollars depending on the operating system and the configuration and there is thus an enormous market for this U.K.-designed product.

Shadow II is a teleprocessing and multi-processor monitor for users of IBM 360/370 under DOS or DOS VS control. It interfaces with most generally accepted data base methods.

It is a direct competitor for CICS, but uses only a fraction of the storage and processor time required. Developed by Altergo and enhanced under the U.K. Government's Software Products Scheme, Shadow's share of the U.K. market for independently supplied teleprocessing monitors has risen to over 70 per cent.

Altergo is at 8 Lower John Street, London W1R 4HA. 01-439 0631.

TEXTILES

Good start for a new factory

A £3m. order from Iran for textile machinery won by Crosrol has coincided with the opening of the company's new £3m. factory in Halifax.

At present, Crosrol is working from six factories in various parts of the city and the new premises will enable it to reduce the number of production units and make much more effective use of its managerial staff. The company, which makes carding and coiling machines employed 250 people in 1970 and to-day this has risen to 1,050.

COMPUTERS

Speeds up data rate

KEYBOARD send and receive (KSR) computer terminals can be converted to automatic send and receive (ASR) using the Extel 8400 digital cassette tape units.

They will interface with most types of computer equipment need to be made when embarking on a project will be highly cassette systems available, with prices starting at under £300 for a fully-interfaced unit ready for use.

SOFTWARE

Micro gets add-on memory

INTEL has announced board for its 80C50/1 computer system which c all the required control to support an additional 16K of program memory. Further flexibility is provided by switches which allow access time of the board to one of four different 8702 types available. This means slower, lower cost PROMs can be used if the application demands the highest speed. Intel is at 4, B Towns Road, Cowley, OX4 3NB (0865 771431).

CONFERENCE

Learning about the micro

A RESIDENTIAL symposium called "Microprocessors: Work in progress" is held by the Society of Electronic and Technicians at Sussex Unit from September 26 to 29.

The fee of £98 (£52 for members) covers full board single study/bedroom accommodation, a comprehensive literature, the conference a visit to Sussex University laboratories and a coach Manufacturers involved with Intel, Texas, Motorola, Na and RCA and a number of will also be giving paper including Xerox, Hewlett Packard, CEGB and Ferrar.

Main object of the symposium is to provide an insight into the practical application of microprocessors and there will be p on device selection, software hardware development and test testing. Key decisions types of computer equipment need to be made when embarking on a project will be highly cassette systems available, with prices starting at under £300 for a fully-interfaced unit ready for use.

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Group Gold Mining Companies

(All companies are incorporated in the Republic of South Africa)

Transvaal

Reports of the directors for the quarter ended 30th June 1976

Vaal Reefs Exploration & Mining Company Limited

ISSUED CAPITAL: 10,000,000 shares of 50 cents each
PLANNED PRODUCTION FOR THE YEAR ENDING 31ST DECEMBER 1976
Tonnage 6,570,000 (previously 6,730,000) (previously 9.2)

| | Quarter ended June 1976 | Quarter ended Mar. 1976 | 6 months ended June 1976 |
|---|-------------------------|-------------------------|--------------------------|
| OPERATING RESULTS | | | |
| Tons milled | 1,579,000 | 1,549,000 | 3,128,000 |
| Yield—g/t | 10.42 | 10.10 | 10.26 |
| Gold produced—kg | 16,425 | 15,649 | 32,074 |
| Revenue per ton milled | R25.36 | R24.68 | R25.02 |
| Cost per ton milled | R24.31 | R23.97 | R24.14 |
| Profit per ton milled | R1.05 | R0.71 | R0.88 |
| Revenue | R39,871,000 | R38,730,000 | R78,601,000 |
| Cost | R38,274,000 | R37,581,000 | R75,855,000 |
| Profit | R1,597,000 | R1,149,000 | R2,746,000 |
| FINANCIAL RESULTS | | | |
| Working profit—Gold | R17,463,000 | R16,782,000 | R34,245,000 |
| Profit on sale of Uranium Oxide | — | — | — |
| Profit on sale of Uranium | 1,429,000 | 1,859,000 | 3,288,000 |
| Net sundry revenue | 284,000 | 516,000 | 800,000 |
| Profit after tax and State's share—estimated | R19,176,000 | R18,157,000 | R37,333,000 |
| Profit before taxation and State's share—estimated | 245,000 | — | 245,000 |
| Profit after taxation and State's share—estimated | R18,931,000 | R18,157,000 | R37,088,000 |
| Taxation and State's share of profit—estimated | 5,283,000 | 6,303,000 | 11,586,000 |
| Profit after tax and State's share—estimated | R13,648,000 | R11,854,000 | R25,502,000 |
| Capital expenditure—amount | R7,852,000 | R8,447,000 | R16,299,000 |
| Dividends declared—amount | R9,588,000 | — | R9,588,000 |
| Loans—estimated | R50,000 | R787,000 | R837,000 |
| Estimated consolidated profit after taxation and State's share of profit of the company and its wholly-owned subsidiary, Western Reefs Exploration & Mining Company Limited | R13,648,000 | R11,854,000 | R25,502,000 |

| | Advance metres | Sampled | | | | | |
|---|----------------|------------------|------|--------|---------|---------|--|
| | metres | channel width cm | gold | | uranium | | |
| | | | g/t | cm.g/t | kg t | cm.kg t | |
| Vaal Reef | | | | | | | |
| No. 1 (North) | 3 120 | 208 | 13.7 | 93.90 | 1 156 | 3.10 | |
| No. 2 (North) | 4 755 | 435 | 71.5 | 417.0 | 2 873 | 1.03 | |
| No. 3 (North) | 2 117 | 158 | 21.1 | 87.30 | 1 842 | 3.16 | |
| No. 4 (North) | 4 862 | 300 | 10.0 | 100.00 | 1 000 | 66.69 | |
| No. 5 (North) | 2 103 | 78 | 45.4 | 29.62 | 1 463 | 1.09 | |
| No. 1 (South) | 16 118 | 1 212 | 80.5 | 31.08 | 2 582 | 1.18 | |
| Quarter ended 30th Dec 1975 | 25 597 | 2 632 | 55.3 | 38.55 | 2 176 | 75.43 | |
| Quarter ended 30th Dec 1976 | 23 353 | 2 782 | 58.1 | 42.50 | 2 489 | 1.31 | |
| 6 months ended 30th Dec 1976 | 48 950 | 5 414 | 57.2 | 40.68 | 2 327 | 1.32 | |
| Wendell | | | | | | | |
| No. 1 (South) | | | | | | | |
| Quarter ended June 1976 | 360 | 74 | 14.7 | 49.25 | 724 | 1.69 | |
| Quarter ended Mar. 1977 | 404 | 40 | 12.1 | 37.03 | 448 | 1.15 | |
| 6 months ended Mar. 1977 | 764 | 114 | 13.8 | 45.42 | 1 52 | 2.01 | |
| CAPITAL EXPENDITURE | | | | | | | |
| Capital expenditure on the year ending 31st December 1976 | = R32 000 000 | | | | | | |
| Deposits placed and outstanding on capital expenditure contracts as at 30th June 1977 | | | | | | | |

HOME NEWS

Land and tax Bill may hamper
tourist industry growth

ARTHUR SANDLES

THE FUTURE of the tourist industry may be seriously hampered by provisions of the Land Tax Bill, the Tourist Board suggests in its annual report. Members of the board are apparently of the opinion that once the tax is introduced, it will be a substantial scale. The new tax would, it is believed, hit the tourist industry in two ways. First, it would hit the tourist industry by increasing the cost of land and buildings, which would be passed on to the tourist industry. Second, it would hit the tourist industry by increasing the cost of the tourist industry's services, which would be passed on to the tourist industry.

The report in London yesterday said that Ministers had been told of the Board's concern that the tourist industry would be hit by the new tax. The Board's report also said that the tourist industry would be hit by the new tax in two ways. First, it would hit the tourist industry by increasing the cost of land and buildings, which would be passed on to the tourist industry. Second, it would hit the tourist industry by increasing the cost of the tourist industry's services, which would be passed on to the tourist industry.



Sir Mark Henig, chairman of the English Tourist Board, who yesterday pressed tourism's claim for equal treatment with manufacturing industries.

£4bn a year, more than a third of which is in foreign currency. The report also said that the tourist industry would be hit by the new tax in two ways. First, it would hit the tourist industry by increasing the cost of land and buildings, which would be passed on to the tourist industry. Second, it would hit the tourist industry by increasing the cost of the tourist industry's services, which would be passed on to the tourist industry.

U.K. CAR REGISTRATIONS

| | JUNE | | 6 MONTHS ENDED JUNE | |
|-----------------|--------|--------|---------------------|--------|
| | 1976 | % | 1975 | % |
| Leyland | 23,398 | 23.70 | 32,787 | 32.58 |
| | 27,093 | 27.45 | 23,819 | 23.67 |
| | 7,756 | 7.86 | 6,125 | 6.09 |
| | 9,272 | 9.39 | 8,238 | 8.19 |
| British | 62,260 | 63.07 | 68,941 | 68.52 |
| | 5,149 | 5.24 | 5,452 | 5.42 |
| | 2,869 | 2.91 | 3,788 | 3.76 |
| | 3,827 | 3.88 | 4,230 | 4.20 |
| | 4,032 | 4.08 | 3,030 | 3.01 |
| Japanese | 9,373 | 9.50 | 8,542 | 8.49 |
| C. (excl. U.K.) | 23,523 | 23.83 | 19,254 | 19.13 |
| Other | 1,584 | 1.60 | 1,812 | 1.80 |
| Imports | 36,450 | 36.93 | 31,683 | 31.48 |
| Total | 98,710 | 100.00 | 100,644 | 100.00 |

Fourth U.K. oilfield
in North Sea
comes on stream

BY RAY DAFTER, ENERGY CORRESPONDENT

THE AMOCO exploration group has started to produce oil from the Montrose Field, the fourth in U.K. waters to be brought on stream. Total development costs are expected to exceed £110m.

Oil is being loaded into a moored tanker from the first production well. It is expected that output will build up to an average rate of about 50,000 barrels a day by early 1978 as successive wells are drilled.

Montrose was discovered in 1969, the first oil field to be found in British waters. It has been developed by Amoco (U.K.) Exploration, as operator for the offshore group (30.77 per cent.); British Gas Corporation (30.77 per cent.); Amerasia Petroleum Corporation of the U.K. (23.08 per cent.); and North Sea Inc. (a subsidiary of Texaco Eastern Transmission Corporation) (15.38 per cent.).

Mr. Anthony Wedgwood Benn, Energy Secretary, yesterday congratulated those involved with the project. "Your achievement is good news for this country's economy and takes Britain further along the road towards self-sufficiency in crude supplies."

Peak output

The Minister added: "It is another example of successful British State participation in offshore oil development."

The field, lying some 130 miles east of Aberdeen, has estimated recoverable reserves of about 180m. barrels of oil. Peak oil production is expected to be about 60,000 barrels per day, equivalent to about 3.7 per cent. of current U.K. oil consumption.

Britain is already receiving oil from Hamilton Brothers' Argyll Field, Shell/Eso's Auk Field, and British Petroleum's Forties Field. Three further fields are due to start producing commercially.

cial quantities of crude this year: Mobil's Beryl Field, which also includes a British Gas stake; Shell/Eso's Brent Field; and Occidental's Piper Field. Amoco said that the initial production stage on Montrose started on June 27 and that the system was now fully operational. Two Canadian Pacific tankers, chartered on a long-term arrangement, will operate a shuttle service between the field's two single buoy mooring systems and the shore.

First cargo

The first of these vessels, the 72,000 dwt tanker Lord Mountbatten, is now on one of the buoys taking on test quantities of crude. It is anticipated that loading will be completed in September to enable the first cargo of Montrose crude to be refined in the U.K. this autumn. The field was discovered on September 1, 1969, and wells were drilled on blocks 22/18 and 22/17 to delineate its shape. Three possible production schemes were considered: development through a pipeline connected to a larger oilfield in the same area; the storage of crude in permanent tankage in the field; and direct loading into tankers.

Eventually up to 24 wells will be drilled directionally from the platform which will accommodate up to 98 drilling, production and support service workers. The platform support structure and flare bridge were built by UIE in Cherbourg and St. Wandrille, France. The pre-fabricated production and accommodation facilities were manufactured in the U.K., the Netherlands and the U.S., while the drilling rig was shipped from Australia. The launching barge for the support structure—the "jacket"—was constructed in South Africa.

New water plan studied

BY OUR MIDLANDS CORRESPONDENT

THE COUNTRY'S first operational pilot plant for recharging aquifers (natural underground reservoirs) with river water, costing up to £2m, could be given the go ahead if a £35,000 investigation by Severn-Trent Water Authority is successful. The project is given added immediacy by the water shortage and the growing opposition to more reservoirs. This is making the storage of water in underground rock formations more attractive.

An operational pilot plant would abstract water from the Severn when it was running at high levels and pipe it to a selected aquifer. The water would be injected into the pores of the sandstone through boreholes for later use in dry periods for extra supplies and topping up river levels. In the next year a number of small boreholes will be drilled to enable designs for a pilot plant to be made.

Labour row
looms on
overseas
investments

By David Churchill, Labour Staff

A MAJOR row is likely within an important sub-committee of the Labour Party's national executive later this month over claims in a confidential Treasury document that overseas investment by British companies does not harm the U.K. economy.

The document presented to the financial and economic affairs sub-committee of Labour's NEC by Mr. Dennis Davies, Minister of State at the Treasury, also claims that companies' investment abroad adds substantially to the U.K.'s reserves.

But these claims are hotly disputed in a separate document to the committee—also confidential—prepared by Mr. Adam Smith, until recently an adviser to the Chancellor of the Exchequer and now research officer at the National and Local Government Officers Association.

Members of the committee, chaired by Mrs. Judith Hart, MP, are expected to claim that the Treasury is attempting to "cover up" the real potential loss to British manufacturing industry of funds invested abroad.

Left-wing Labour MPs and several trade union leaders have consistently argued in favour of handing investment overseas and instead putting the funds into the field; and direct loading into tankers.

Mr. Davies' research document—believed to have been jointly prepared with the aid of Treasury economists—was requested by the sub-committee after an attack on British investment overseas by the Labour Party's research department.

The Treasury response outlined in the document is that U.K. direct investment abroad costs nothing to the balance of payments because it is effectively financed abroad by funds companies retain for that purpose.

It presents statistics from the past five years which indicate that "there has been a net inflow and an addition to the reserves, which, in each of the last two years, amounted to over £300m."

Mr. Ham's evidence to the committee, however, sets out to disprove "the extraordinary conjuring trick which allows the Treasury to claim that our investment abroad adds to reserves."

Whitehall 'improves'
control of councils

BY PETER HENNESSY

SIR IAN BANCROFT, permanent secretary at the Department of the Environment, claimed yesterday that central Government control over local government spending was "getting better."

In his evidence to the general sub-committee of the Commons Select Committee on expenditure, which is examining the Civil Service, Sir Ian said there were signs of a "more co-operative and more sharing approach" towards spending on the part of Whitehall and the local authorities.

It was encouraging that their joint forum—the consultative committee on local government finance—had earlier this year established so swiftly the possibility of local authority overspending in the current financial year and sought remedies for it.

Mr. Geoffrey Wardale, the deputy secretary who runs the DoE machinery for monitoring local government spending, said as councils were taking authorities in their own right through the rates, central Government could only exert control on current spending by imposing cash limits on the rate support grant.

It was argued that this form of control was not as "meaningful" as it might be but the Government had decided to make the attempt.

Asked by Mr. Nicholas Ridley, a Conservative MP for Clarendon, whether it was a family, Sir Ian said:

Court action begins
over Felixstowe plan

BY OUR INDUSTRIAL STAFF

PROCEEDINGS were opened in the High Court yesterday by the private Bill receives Royal Assent by November 15, owner-Company to prevent the at one ship will be transferred to the British Transport Docks Board.

The Felixstowe Board, now controlled by European Ferries, is asking the Lord Chief Justice, Lord Widgery, to stop the British Transport Docks Board's promotion of a private Parliamentary Bill which has been given a third reading in the Commons and is before the Lords.

The basis of the Felixstowe Board's application is that a takeover deal made before European Ferries assumed control is now void and that the Parliamentary Bill implementing it ought to be withdrawn.

The Felixstowe Board agreed last year to a takeover by the docks board but European Ferries moved in this spring with a successful counter-bid to pick Eastern Docks.

would be possible to impose individual cash limits on the 521 local authorities in England and Wales, Sir Ian Bancroft replied: "It would mean Whitehall having powers to override the views of elected representatives."

Such a reform would have "interesting implications" in view of the recently published Layfield report which recommended that local authorities should have a greater say in raising their own finance.

Questioned about the value of "giant" Whitehall departments like the DoE, Sir Ian said the operation of his department had been a success. It took five years for a Ministry of that size to overcome the turbulence of reorganisation but the DoE was now in its sixth year. It would begin to reap the benefits of merging the Ministries of Housing and the Local Government, Transport and public building and works given a period of reasonable stability.

The advantages of such conglomerate departments had to be set against the penalties: mergers should lead to more efficient policy formation, better Government decisions and a more effective reconciling of departmental priorities as, for example, between roads and housing; but there were penalties of sheer scale in running a system rather than a family, Sir Ian said.

Asked by Mr. Nicholas Ridley, a Conservative MP for Clarendon, whether it was a family, Sir Ian said:

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There's a new electrical powerhouse
in American industry.

erger of Gould Inc. and ITE Imperial Corp. has created a new \$1.3 billion company. The old Inc. becomes a major international electrical and industrial products company, achieving effective we have been working toward since Gould is now one of the 150 biggest industrial in the U.S.

The electric economy is our basis for growth. The increasing emphasis on electricity as the ultimate source of power provides above-average growth opportunities for companies with strong market positions in electrical products. The new Gould will concentrate on products that transmit, distribute, store, control, and convert electrical energy.

ergy. No matter what the energy source that creates the electricity, we will provide the increasingly needed equipment that puts electricity to work.

Product development is our key to success.

Today, Gould is the market or technology leader in most of its product lines. The development of new products has been a major element in reaching that position. Here are some examples:

Transmitting electricity. New SF₆-gas-insulated circuit breaker reduces mass and improves performance for utilities.

Distributing electricity. New ground fault interrupter protects homeowners from appliance shocks. They're required in all new construction.

Storing electricity. New Champion truck battery provides more starting power and less space and weight for big diesels. Never needs water, either.

Converting electricity. New E-plus motors operate at higher efficiencies to reduce industrial electricity bills.

Controlling electricity. New "watt watcher" cuts loads at peak demand periods to conserve energy, reduce electricity bills.

We're committed to increasing our product development to maintain this leadership and produce above-average profit margins.

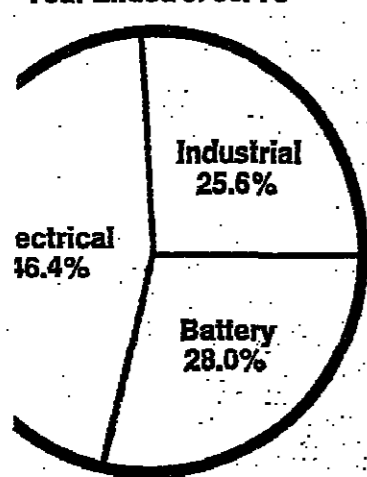
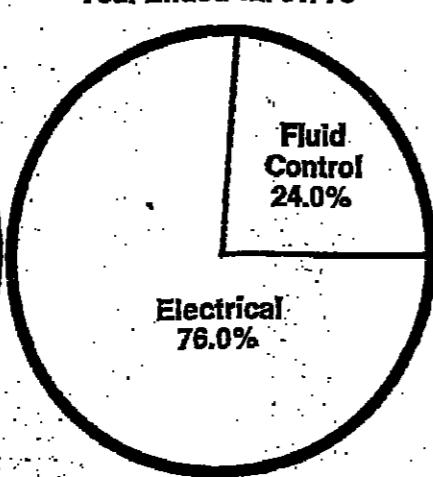
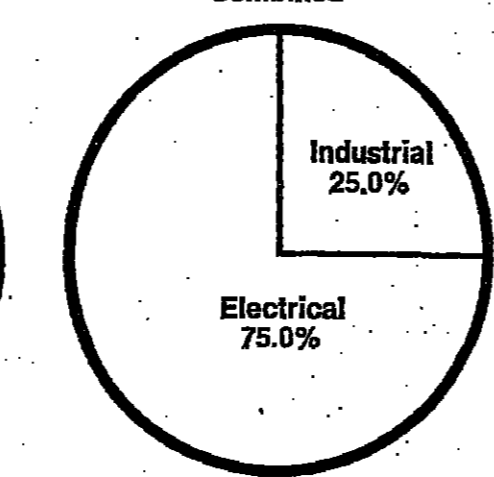
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ALES

Gould Inc.
Year Ended 6/30/75I-T-E Imperial
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Combined

Despite oil and gas wealth, Algeria has economic worries. Paul Betts reports.

Algerian development in doubt

ALGERIA'S remote and austere President, Colonel Houari Boumedienne, is seeking for the first time since he took power 11 years ago a popular mandate to rule as the country's lawful head of state. Presidential elections will be held later this year, probably in October. And although he is likely to be the only candidate, his decision marks a departure from his form of totalitarian government. The decision reflects the regime's profound anxieties about its plans to transform Algeria into an integrated industrial power by the mid-1980s or, in the words of one diplomatic observer, into "the Japan of the Arab world." It disguises too a growing awareness that the crash industrialisation may lead the country perilously close to bankruptcy.

Suggestions that the country is already too much in debt are generally met with swift and categorical denials by Government planners. They point out that although the country's foreign debt is expected to rise substantially this year, by 1980 Algeria's hydrocarbon reserves will be earning the country \$10bn annually. By the early 1980s, they add, these earnings will have secured the basis of Algerian industry. And by 1985—the 20th anniversary of President Boumedienne's regime—the country will be ready to move into its second phase of development.

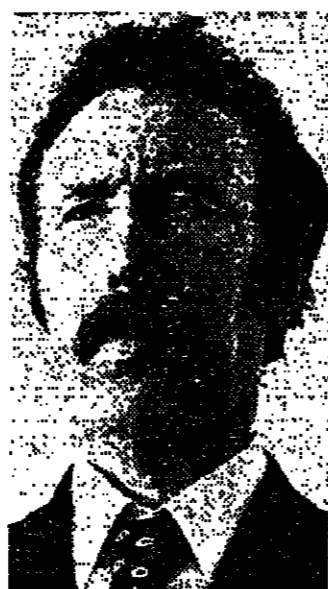
The execution of this ambitious timetable hangs virtually exclusively on the speed with which the country can exploit its vast natural gas reserves, estimated at present by the State hydrocarbon concern, Sonatrach, at 4,000bn. to 7,000bn. cubic metres. The World Bank puts them more conservatively at 3,000bn. cubic metres. "As a relatively modest oil producer," explained Mr.

Abderrahmane Remili, a counsellor at the State Planning Secretariat, "our development depends essentially on our gas resources."

Earnings from oil, which at present account for about 90 per cent. of Algeria's export revenue, would enable the natural gas projects to get off the ground. That, at least, was the view in 1973 when Algerian oil production reached a peak of 51m. tons. On the assumption that oil output would continue to grow Algeria decided to increase the total expenditure of the Second National Plan (1974-77) from DA54bn. to DA110bn. or £13.75bn. But cuts imposed during the Middle East crisis and the subsequent fall and stagnation of oil exports brought production down to 47.2m. tons in 1974. By 1975 it had dropped to 43m. tons. And although output this year, according to informed sources, will climb to 45m. tons (Algerian estimates put the total at 47m. tons, but include condensates) and creep slowly back to 1973 levels by the end of the decade, this is a far cry from the 1977 target of 59m. tons. The price too, edging around \$13 a barrel, is still below the 1974 price of \$14.

Bet

Algeria has therefore borrowed heavily to develop the gas industry. It will have to borrow much more during the next 10 years if it is to complete all the planned new liquefaction plants and pipelines, improve port facilities, and expand its LNG tanker fleet. Already it looks unlikely that it will win the "1980 bet"—the date set for economic take-off when gas should start to earn enough to guarantee the success of the industrial and agrarian revolutions. Officials



President Boumedienne

admit that the gas programme is about 18 months behind schedule. But although LNG export contracts operating at the beginning of last month totalled 5.4bn. cubic metres a year, by 1980, if all LNG sales contracts approved or awaiting approval but not operating as yet come on stream, Algeria will be exporting some 48.6bn. cubic metres annually.

The liquefaction plants at Arzew in the West and Skikda in the East with an export capacity of 5.8bn. cubic metres can meet to-day's demand. However, if all the 1980 contracts become operative, Algeria must complete three new plants at Skikda and three at Arzew. A plant with an annual output of 10bn. cubic metres costs, at present prices, about \$1bn. Furthermore, if the country goes ahead with planned LNG sales contracts with Sar, Ferngas, Swisgas, Ferengas, Ruhrgas, Yugoslavias, and Canada, there will be a need for a further

plant at Arzew and another at Skikda. The first of the three new Skikda plants (on which Pritchard-Rhodes of the U.K. is one remaining company in this working) is expected to come into full operation next year. The other two should be completed before 1980, and so should the first of the new Arzew plants. As for the other projects, business sources are sceptical whether they will be completed in time. Consequently, Algeria's LNG export capacity in 1980 would fall short of the 48.6bn. cubic metres target by some 28.1bn. cubic metres.

Even 20.5bn. cubic metres annually is regarded by some sources as optimistic. Apart from the money needed and the likelihood of severe technical difficulties, there is growing concern among investors and contractors to involve themselves in Algerian gas projects. Serious doubts have been cast since Sonatrach, last November, cancelled Chemico's contract signed in 1973 to build the first of the new Arzew plants on the grounds of poor performance. Originally it was hoped that the plant would supply El Paso National Gas of the U.S. with 10bn. cubic metres annually as from this year. Now another U.S. company, Bechtel International, has undertaken to complete the plant (reportedly left only quarter finished by Chemico) on the basis of a cost-plus contract valued at more than \$300m.—a type of contract that foreign companies are increasingly insisting on in Algeria.

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Liquid gas

Foreign companies which have previously been involved on Algerian gas projects also appear to be reluctant to take on follow-up contracts or new

investments. And there are few signs that Algeria intends to operate a mixed economy in the hydrocarbon sector. The only one remaining company in this working) is expected to come into full operation next year. The other two should be completed before 1980, and so should the first of the new Arzew plants. As for the other projects, business sources are sceptical whether they will be completed in time. Consequently, Algeria's LNG export capacity in 1980 would fall short of the 48.6bn. cubic metres target by some 28.1bn. cubic metres.

With spending on industrial development at present accounting for 40 per cent. of Gross Domestic Product and with public sector companies running sometimes at only 30-50 per cent. of capacity, some Algerians are beginning to question the regime's programme. The Government admits that the concentration on industrial development has involved sacrifices in some sectors, notably housing. In most coastal towns which have had to absorb the continuing rural exodus there are slums and shanty towns.

Misgivings about the course the country is taking are perhaps most openly found in France among the Algerian immigrant community. The Algerian Government has been trying for some time to encourage the 50,000 or so skilled Algerians working in France to return to their native country. "We need their skills," an official in Algiers explained. "But so far our campaign has had little impact. Those who want to return are among the 400,000 others with no or limited skills who live in poverty and squalor in France. They are of little use to us and would only aggravate our unemployment and housing problems. And the skilled men we want are reluctant to come. We cannot offer them salaries comparable to those they get in France nor the sort of housing they demand. All we can do is try to persuade them to participate in their country's socialist revolution."



Look before you lease.

Finding a new tenant, or new premises for your company, can be a long, expensive, time-consuming job.

And even when they're found, the job isn't over.

Because there's then the task of negotiating draft leases, agreeing on things like rent reviews and repairing clauses, and ironing out a hundred-and-one details to the satisfaction of both landlord and tenant.

And these days, with costs rising inexorably, it just doesn't make sense to make the job harder than it need be.

Luckily, there's an efficient way of doing it.

And that is, by employing property specialists like St Quintin—who have been advising landlords, tenants and property investors for nearly 150 years.

Whether you're a landlord looking for a tenant, a tenant looking for premises in the UK or Europe, or just someone who wishes that the property side of his company's life ran as smoothly as the rest of it, looking at St Quintin and their services could well be a good move.

St Quintin
Son & Stanley
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Vinty House, Queen Street Place, London EC4R 1ES
Telephone: 01-236 9961 Telex: 8812619

DAGGAFONTEIN MINES LIMITED

(Incorporated in the Republic of South Africa)
Company Registration No. T. 4822
CIRCULAR TO SHAREHOLDERS

Proposed Deregistration of Company and Notice of General Meeting

The company announcement which was published in the press on 18th May 1976, copies of which were sent to registered shareholders, indicated that there were two major matters requiring attention before steps could be taken to have the company deregistered. These concerned the company's liability for anti-pollution measures and the disposal of its freehold property.

The payment, since 31st December 1975, of further amounts totalling R120,000 to the Anglo American Corporation of South Africa Limited, which administers all such contributions on behalf of the company in order to meet anti-pollution liabilities arising out of legislation, is considered adequate to meet the company's remaining liability for anti-pollution measures, and a certificate to this effect has been issued by the appropriate government authorities. It now remains for the company to receive the necessary clearance certificate in terms of the Mines and Works Act relative to the required measures taken by the company following the discontinuation of mining operations.

The directors' reports in recent years have emphasised the difficulties experienced in endeavouring to dispose of the company's remaining freehold of the farm Daggafontein No. 125 I.R. due to Springs, measuring approximately 801 hectares, portions of which are covered by old gold mines. As mentioned in the announcement published on 18th May 1976, the company's intention to the mines dams terminated following the relinquishment of the mining lease, in a recent announcement published in the press on 26th May 1976, copies of which were sent to registered shareholders, it was stated that as all previous attempts to sell this property at a reasonable price had been unsuccessful it was proposed to auction the property as one lot on Thursday 10th June 1976. The only bid made at the auction was one of R50,000 by East Rand Gold Uranium Company Limited and the directors have since confirmed this sale. The mineral rights and rights to estate owner's share of licence and other monies in respect of the area sold have been reserved to Daggafontein Mines and these rights, together with other similar rights, will be sold to the best advantage of the company.

The sale of the freehold property is subject to ratification by the shareholders of Daggafontein Mines in general meeting, as required by section 228 of the Companies Act, 1973, as amended, and a notice convening the necessary general meeting is attached to this circular. The ratification of sale is available for inspection by shareholders at the registered office of the company during normal business hours and will be tabled at the general meeting. Provided shareholders ratify the sale, arrangements will be made to effect registration of transfer of the property to the name of the purchaser.

After the transfer of the property has been registered and the purchase price paid to the company and after the remaining mineral and other rights (already referred to) have been sold, directors will be in a position to consider the question of any final distribution of shares by way of a dividend and thereafter to proceed with the deregistration of the company. The June 1975 shareholders have repeatedly been advised that there is little prospect of any final dividend distribution to shareholders. Current indications are that if a final distribution is possible it is likely to be less than one cent a share.

The interests of the directors and alternate directors of Daggafontein Mines in the contract for the sale of the property are as follows:

The following directors and alternate directors of Daggafontein Mines are also directors or alternate directors of East Rand Gold and Uranium Company Limited (Ergo): J. Edmeston, D. A. Etheridge, D. B. Hoffe, G. M. Holford, W. R. Lawrie, M. S. McCrum, C. L. Sunter (alternate). These directors and alternate directors hold no beneficial interest in shares in Ergo, but they each hold non-beneficially one share in the company. The following are the beneficial interests of the directors and alternate directors of Daggafontein Mines in Anglo American Corporation of South Africa Limited (AAC), which holds 508 shares in Ergo:

| | Nature of interest | Extent of interest (Ordinary shares) |
|-----------------|---|--------------------------------------|
| J. G. Edmeston | Divisional manager Option holder Member | 2,000 5,200* |
| D. A. Etheridge | Executive director Option holder Member | 8,000 30,000* |
| D. B. Hoffe | Alternative director and manager Option holder Member | 7,500 15,000* 300 |
| G. M. Holford | Assistant manager Option holder Member | 4,000 5,000* |
| W. R. Lawrie | Consulting engineer Option holder Member | 7,000 15,000* |
| M. S. McCrum | Manager Option holder Member | 2,000 15,000* 2,000 |

* Shares held under a share incentive scheme

In addition Mr. D. A. Etheridge and Mr. D. B. Hoffe hold non-beneficially 100 shares, 1,000 shares, respectively, in AAC.

The following directors and alternate directors of Daggafontein Mines are also directors or alternate directors of Anglo American Gold Investment Company Limited (Ango) which holds 200 shares in Ergo: D. A. Etheridge, D. B. Hoffe (alternate), G. M. Holford (alternate) and W. R. Lawrie (alternate). These directors and alternate directors hold no beneficial interest in shares in Ango. However, Mr. D. A. Etheridge, Mr. D. B. Hoffe and Mr. G. M. Holford each hold non-beneficially 500 shares in Ango and Mr. W. R. Lawrie holds non-beneficially 600 shares in Ango.

The company's articles of association give the directors power to forfeit for the benefit of the company any dividend remaining unpaid for a period of five years from the date of the dividend. As shareholders will be aware, the last dividend (No. 76) was declared on 28th December 1971 and the amounts which have to date not been claimed by shareholders in respect of dividend could thus not be forfeited by the directors until December 1976. It is expected that before the end of October 1976, the directors will have settled all the company's outstanding affairs and will have made application to the Registrar of Companies for the deregistration of the company. The directors therefore propose that at the forthcoming general meeting the company's articles of association should be amended by the insertion of a new article numbered 131A. This article is required to enable the directors to vest unclaimed dividends in a Trust until such time as such monies are claimed, or are required in terms of the Administration of Estates Act to be paid to the Guardians Fund administered by the Master of the Supreme Court. The new article will also empower the directors to appoint the said Trustee as pay agent for any final distribution payable to shareholders.

Shareholders will also be asked to pass an ordinary resolution at the meeting which authorises the directors to apply, when the company has no assets and no liabilities and is longer carrying on business, to the Registrar of Companies in terms of section 73(5) of the Companies Act, 1973, as amended, to have the name of the company struck off the Register of Companies.

Notice is accordingly hereby given that a general meeting of shareholders of Daggafontein Mines Limited will be held at 44 Main Street, Johannesburg, on Thursday, 5th August 1976, 10h30, for the following purposes:

1. To consider and if deemed fit to pass, with or without modification, the following resolution as an ordinary resolution:

"That the agreement dated 23rd June 1976, as submitted to this meeting and signed by the chairman of the meeting for purposes of identification, between Daggafontein Mines Limited and East Rand Gold and Uranium Company Limited, in terms of which Daggafontein Mines Limited sells to East Rand Gold and Uranium Company Limited the remaining extent of the farm Daggafontein No. 125 I.R., district Springs, measuring 801,023 hectares for an amount of R50,000, of which 10 per cent. is payable against signature of an agreement of sale and the balance against registration of transfer of the property into the name of the purchaser, is hereby ratified."

2. To consider and if deemed fit to pass, with or without modification, the following resolution as a special resolution:

"That the company's articles of association be amended by the insertion after the existing article 131 of the following new article numbered 131A:

"131A Upon a resolution by shareholders in general meeting authorising the directors to apply for the name of the company to be struck off the Register of Companies in terms of the Companies Act, 1973, as amended, the directors may nominate a Trustee or Trustees as paying agent for any future dividends and may pay to such Trustee or Trustees for distribution to shareholders in accordance with their rights the full amount of such future dividends, and may also pay to such Trustee or Trustees all amount unclaimed in respect of dividends not forfeited pursuant to the provisions of Article 131 of these presents, to be held by such Trustee or Trustees for the benefit of the persons entitled thereto until the said amounts are claimed by such persons, or until such amounts became liable to or qualify for payment into the Guardians Fund in accordance with the provisions of the Administration of Estates Act. Upon payment to the Trustee or Trustees pursuant hereto, the company shall be absolved for all or any claims which any shareholder may have had in respect of such dividend and the said shareholders' rights shall thereupon be confined to making claim upon the said Trustee or Trustees or the Guardians Fund as the case may be."

3. To consider and if deemed fit to pass, with or without modification, the following resolution as an ordinary resolution:

"That when the company has no assets and liabilities and has ceased to carry on business the directors are hereby authorised to apply to the Registrar of Companies in terms of section 73(5) of the Companies Act, 1973, as amended, for the name of the company to be struck off the Register of Companies."

The reason for proposing the special resolution is given in the circular and its effect is apparent from the resolution.

The head office and United Kingdom transfer registers and registers of members of the company will be closed from 30th July to 5th August 1976, both days inclusive.

Holders of share warrants to bearer who are desirous of attending the meeting in person or by proxy or of voting at any general meeting of the company must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for the use of members who wish to be represented at the meeting.

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Registered Office:
44, Main Street,
Johannesburg, 2001

Postal Address:
P.O. Box 61587,
Johannesburg, 2107
12th July, 1976

Secretaries:
per J. R. Townsend
Senior Divisional Secretary

London Office:
40 Holborn Viaduct,
EC1P 1AJ

LABOUR NEWS

Survival of railways in doubt

CHRISTIAN TYLER, LABOUR STAFF, IN PAIGNTON

AY unions' fury at the unions, but which has seen the outline transport strong rank and file opposition now in Green Paper particularly from train drivers re-emerged yesterday facing loss of overtime earnings. The president of the Union of Railwaymen, less the importance of the British economy was Mr. Bowman said yesterday that "we may have to be bloody lot."

Of the wider transport picture the Green Paper could mean withdrawal of nearly half the passenger network. The union's suspicions before publication in April. The NUR is to be the first to be hit by the plan, but the union's own response to the paper and campaign to maintain Mr. Peter Shore, Environment Secretary, will be present for the big debate on the subject here on Friday.

Before then, however, the NUR will be deciding its stance on the 41 per cent pay limit due to be implemented at the end of this month. Looking forward to what any drive, the bulk of the policy is debated to-morrow, Mr. Bowman said the main reason why the special TUC Congress had voted massively for the policy had been fear that a rift between unions and Government would bring a General Election.

"There is nothing which frightens the workers of this country more—not even Aud Nick, the devil himself—than Maggie Thatcher as Prime Minister heading a Tory Cabinet."

He was sure workers would honour the 41 per cent limit as they had the current 25 limit. But he added: "The Government must be made to understand there is no prospect of any further social contracts while investments of billions of pounds are made abroad and British workers suffer cuts in living standards and severe unemployment."

If industrialists and financiers continue to refuse to invest, then legislation would be necessary.

While Leyland recalls 3,000 workers, Lucas row lays off 1,800

BY OUR MIDLANDS CORRESPONDENT

BRITISH LEYLAND yesterday began recalling nearly 3,000 workers laid off at its Jaguar factory at Coventry after a week's strike by 80 press shop workers.

But at the Birmingham starter motor factory of Lucas 1,800 workers were laid off because of industrial action by 125 tool setters who complained of dilatory pay negotiations.

The talks were postponed for three days last week at the request of full-time union officers and last night management said negotiations would be resumed when the men worked normally.

The Jaguar press shop workers who walked out last week because nine men were

trying to alter the shop steward representation and had transferred from the transport union to the engineering union, resumed yesterday.

Talks began on maintaining production while a possible enquiry is held.

The situation remains sensitive and further industrial action is not ruled out.

Bid to resolve Trico strike

TALKS between the Amalgamated Union of Engineering Workers and the management of Trico-Polberth, Brentford, to try to resolve a strike by 350 women workers are to resume, the company said yesterday.

Firemen's action halts 29 stations

By Our Labour Staff

THE NUMBER of London Fire Brigade stations not answering calls "because" of industrial action by firemen increased to 29 yesterday.

Members of the Greater London Council fire brigade committee met to review the situation but there was no immediate decision to seek Army assistance. In the present weather troops may eventually be needed to help fight grass and heath fires regardless of the dispute.

Both Thames fireboat stations were among those not answering calls yesterday. Besides the 29 stations completely out of action, between 30 and 40 more of the brigade's 116 stations were below strength.

A brigade spokesman said it was still meeting its commitments "but obviously with difficulty."

Council to sack most of direct labour unit

BY OUR NEWCASTLE CORRESPONDENT

SOUTH TYNESIDE Council plans to make 450 of the 600 men in its direct labour department redundant in the autumn because of lack of work.

Four unions involved are refusing to accept the redundancy notices and at a meeting in Jarrow yesterday the men decided to demonstrate at a meeting between the unions and councillors on Thursday.

The unions claim that council inefficiency has allowed council contracts to go to private builders. They are calling for an investigation into the running of the council's management services team and the direct labour force.

Representatives of the men will meet local MPs on Saturday. The direct labour unit has doubled in size from 300 in 1974 and at one stage it was planned to increase it to 1,000 by the end of this year.

Redundancies have become necessary because of a drop in house-building and modernisation work but the council says it hopes that tenders submitted for jobs could yet bring enough work to save off some of the redundancies.

Radio Trent Boycott call

MEMBERS OF the National Union of Journalists and the Association of Broadcasting Staffs mounted a picket outside Radio Trent, the commercial station in Nottingham yesterday.

They urged advertisers to boycott the service because of a dispute over implementation of a pay and conditions agreement.

Group Gold Mining Companies Orange Free State

Reports of the directors for the quarter ended 30th June 1976

State Geduld Mines Limited

ISSUED CAPITAL: 10 000 000 shares of 50 cents each

PLANNED PRODUCTION FOR THE YEAR ENDING 30TH SEPTEMBER 1976

Tonnage 550 000 Grade 15.0 grams per ton

| | Quarter ended June 1976 | Quarter ended Mar. 1976 | 9 months ended June 1976 |
|--|-------------------------|-------------------------|--------------------------|
| IG RESULTS | | | |
| Gold produced—kg | 530 000 | 479 000 | 1 529 000 |
| Cost per ton milled | 16.89 | 16.48 | 16.69 |
| Revenue per ton milled | 8 849 | 7 904 | 25 517 |
| Profit before taxation and State's share | 833 550 | 837 450 | 2 508 450 |
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MPs condemn actions in Uganda and Angola

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

Tory seeks ruling on 'test' for union MPs

THE SPEAKER is to rule today on a complaint by Mr. Robert Adley (C. Christchurch and Lymington) in the Commons yesterday that a political fitness test being set by the National Union of Public Employees for its sponsored MPs was an abuse of the relationship between an MP and his constituents.

Mr. Adley asked the Speaker, Mr. George Thomas, to rule on whether this action by the union was a breach of Parliamentary privilege.

Mr. Adley quoted from a newspaper report that six Labour MPs, sponsored by NUPES, had to write a 1,000 word thesis on trade union power.

The article said that the test had been devised by union officials after a decision to increase the number of sponsored MPs from six to twelve.

Mr. Adley maintained that this was a serious reflection on, and a threat, to MPs' freedom of activity and an indication of the power of union sponsorship and an abuse of the relationship between MPs and constituents who were not party to that relationship.

£9m. extra bill for Liverpool

A SPECIAL report to be presented tomorrow to Liverpool financial control sub-committee predicts about £9m. more than expected to be spent this year in running the city. This could mean an increase of at least 5p in the £ in rates next year. The current year is expected to end with a loss of £3.5m.

BOTH SIDES of the Commons yesterday united in denunciation of President Amin after the Government statement discounting the remaining hopes that Mrs. Bloch was still alive.

MPs recognised — as Mr. Reginald Maudling, from the Opposition front bench said — the Government's proper concern for British citizens still in Uganda.

But Mr. Ted Rowlands, Minister of State, Foreign Office, recounting the steps taken since Mrs. Bloch disappeared from the Entebbe hospital, was pressed repeatedly to further action to bring to justice those responsible for a "hideous and brutal crime" — Mr. Maudling's words.

The new Liberal leader, Mr. David Steel, urged the Minister to "make it clear that international opinion increasingly regarded the name Amin as synonymous with butchery and terror."

Mr. Rowlands agreed that international opinion would be outraged. He promised that the Government would press "most strongly" that those responsible should be brought to justice.

But he pointed out: "We are in a very confused and potentially dangerous situation. We can't do anything to jeopardise the situation of over 500 British citizens in Uganda."

Tory and Labour MPs immediately contended that the Government should advise British citizens still in Uganda to leave.

"As long as they are there, they are hostages to the sort of blackmail Amin is continuing to perpetrate," declared Mr. Geoffrey Finsberg (C. Hampstead).

From the Labour benches, Mr. George Cunningham (Islington S., and Finsbury) said we should no longer guarantee the safety of any Britons who did not now leave Uganda.

Mr. Rowlands maintained that British citizens would be fully aware of the situation. But a situation the Government was trying to avoid could be exacerbated if comments were made.



MR. TED ROWLANDS
"A confused and potentially dangerous situation."

When he was further pressed, the Minister said that advice was, of course, being given to individual citizens on the problems arising from the situation.

In his statement, he stressed that the Government was not satisfied with the results of any inquiries the Ugandans might have made about the disappearance of Mrs. Bloch.

There seemed little doubt that she was taken from the hospital on July 4 and that she was no longer alive. "In whatever circumstances Mrs. Bloch's death took place, the Ugandan Government must bring those responsible to justice," said Mr. Rowlands.

The Minister also rebutted what he called "misleading Press reports" that the Government had sent a message of condolence to President Amin about Ugandan soldiers killed during the Israeli raid at Entebbe.

In the course of many contacts with the Ugandan authorities

after the hijacking incident, the British Government — like other Governments represented in Kampala — had expressed sympathy to the families of all the people killed in the hijacking incident. "These were not regrets to President Amin," said Mr. Rowlands.

Mr. Grete Ute Janner (Labour, Leicester W.) said he had spoken to one of Mrs. Bloch's sons on Sunday and had been asked to convey to the Government the family's deep appreciation of help given to them, not least by the British Consul in Israel.

"They attribute blame in this to one man — President Amin — without whom nothing happens in that country." The family wanted the Government to do its best to see if Mrs. Bloch was alive, or if she was dead, to see that her body was returned to be laid beside her husband.

Mr. Rowlands said it would be offering cruel hope to say Mrs. Bloch could now be alive.

Mr. Andrew Faulds (Lab. Warrily E.) said: "The murder of an old woman in circumstances such as these is quite beyond the pale of civilised behaviour."

Nobody in the Commons had any time for the continuation of Amin's regime. Tragedies like this would continue until the major international injustices done to the Palestinian people was put right.

Mr. Rowlands said he would not go into the broader issues raised by Mr. Faulds's comment.

Mr. Hugh Fraser (C. Stafford and Stone) said Britain should make a resounding condemnation of the terrorism at the UN Security Council. People felt let down by "one of the weakest Foreign Offices this country had ever seen."

Mr. Rowlands said criticism of the Foreign Office was unjustified. Britain would support any effort at the Security Council to condemn hijacking and international terrorism.

There were further expressions of revulsion — this time for the barbarity of the Angolan authorities — when Mr. Rowlands

made his report on the execution of the mercenaries.

The Speaker ruled out of order, however, an attempt from the Labour backbenchers to get an immediate emergency debate on this issue, coupled with the situation in Uganda, particularly as it affected the security of British subjects.

But Mr. Maudling clearly expressed the majority view of the House concerning the executions when he said: "What we are faced with is simply judicial murder — not justice, but political reprisals masquerading as justice."

Innocence

Mr. Stan Newens (Lab. Harlow) urged the need to prevent the recruitment of mercenaries along with action to ensure they did not leave the country.

Mr. Rowlands pointed out that the committee under Lord Diplock, set up to inquire into the law on the subject of mercenaries, was expected to report in the near future.

On the trial of the mercenaries, the Minister agreed with the House that it was not a fair one. Any presumption of innocence had been absent. And much of the process and evidence was of a prejudicial nature.

"We do not accept that it has been established that being a mercenary is a crime having basis in international law," said Mr. Rowlands.

In spite of appeals from MPs, he discouraged the idea that the Government should make a precedent difficult to follow.

Some suggested, however, that 1,600 Britons died abroad each year, some in tragic circumstances. Once financial aid was given, it could create an open-ended commitment. Mr. Rowlands suggested.

A pay rise fails to please

BY JOHN HUNT

THE NEWS that MPs and Ministers will have to face the full rigours of the Government's 25-week pay policy just like all the other wage-earners met with a decidedly sour and subdued response in the Commons yesterday.

There was a distinct impression that MPs were privately seething at the arrangement but were forced to hold their tongues through fear of the wrath of their constituents if they dared to show their true feelings.

There was some attempt to pay lip-service to the proposals, but a decidedly carping note came into most of the questions to Mr. Michael Foot, Leader of the House.

He hardly helped matters by a jocular reference to Mr. Callaghan's quip that MPs should "behave like the Greek who comes bearing gifts." In this case, Mr. Foot came almost empty-handed.

Although the £5 a week wage limit would apply just as it does to an executive in a private company, in calculating that limit, an MP's outside earnings would be taken into account — thus disqualifying many of them from getting a rise at all.

"As Ministers' already get more than £5,000, they will not qualify for the increase," said junior Government and Opposition Whips who get the most of their earnings "do not take them above the ceiling."

There was worse to come. Mr. Foot explained that the review body on Ministerial salaries and MPs' pensions had now reported and had recommended "substantial increases" in Ministerial salaries and some improvement in the pension scheme.

But these recommendations could not be implemented under the current incomes policy. No further action would be taken on the report until the incomes policy permitted it and even then, the Government was not committed to carrying out its recommendations.

Mr. John Peyton, shadow Leader of the House, gave an indication that the Tories found any cheer in the announcement. He pointed out that "these novel suggestions meant that MPs would now be paid at different rates for doing the same job and asked uneasily whether this was expected to continue indefinitely."

There was some ironic laughter when he protested that if Ministers were consistently underpaid, the necessary talent would not be attracted to the front benches.

Mr. Michael Elphick (Lab. Nottingham W.) seemed to think there should be greater equality of suffering. If the £5 a week increase would not be allowable for MPs' pensions, then neither should it be applied to the pensions of civil servants.

There were irritable shouts when Mr. Clement Freud — the Liberal MP who is also well known for his appearances on television — said loftily that it would be a pity if it became MPs to be party to legislation for their own benefit while asking other people to show moderation.

"Tell us how much you are getting," shouted irate Labour backbenchers.

There were protests from Mr. John Mellish, former Labour Chief Whip and Mr. Edward du Cann, chairman of the Conservative 1922 Committee of backbenchers, about the hardship that would be caused by the new pay policy.

Referring to the decision not to give Ministers an increase, Mr. du Cann saw something "shabby" in the new English law of awarding pay to those who accepted responsibility.

But Mr. Foot told him bluntly: "In my opinion, it would be shabby if the Government applied a different rule to Ministers than it applied to the rest of the nation."

Lonrho: Minister studies company law implications

BY JOHN HUNT

MR. EDWARD DU CANN, Conservative MP for Taunton, and a director of Lonrho, was strongly criticised in the Commons yesterday by Mr. Edmund Dell, Trade Secretary, who accused him of "lifting the confidentiality" on the inspectors' report on the company prior to publication.

Mr. Dell stoutly defended the report, and there was some scornful laughter from the Tory benches when he described it as being of a "conspicuous fairness."

He agreed with Conservative MPs that Lonrho had made a valuable contribution to Britain's overseas earnings, but added: "I don't regard economic success as justifying any kind of behaviour."

Mr. Dell said that he was considering the implications of the report in the review of company law which was now being carried out. But he did not think that these considerations would be in time for incorporation in the Companies No. 2 Bill, now in committee stage in the Commons.

The duty of directors, which was the major issue raised by the report, was likely to be covered by legislation to be introduced next session as a result of the Butler report.

Mr. Marcus Lipton (Lab. Lambeth Cent.) told the Secretary of State: "It is scandalous that while they are under police investigation, they are allowed to continue to receive a £5m. interest free loan of taxpayers' money for rescuing Brentford Nylons. While they may be experts at feathering their own nests, it is not possible to find someone of more repute to take over Brentford Nylons."

Mr. Dell told him that this was a matter for the Industry Secretary, Mr. Eric Varley, and emphasised that one of the most important concerns was to save jobs.

Mr. du Cann asked that any Government was fully justified.

further inquiries proceeding into the company should be expedited so that it could get on with the constructive work it was doing on behalf of people in Britain and overseas.

He said he had received a letter from trade unionists in Newcastle welcoming Lonrho's participation in Brentford Nylons.

In reply, Mr. Dell told him that he was sure that Mr. du Cann was referring to further inquiries now being made by the Director of Public Prosecutions. This was a matter over which he had no control.

Unfair

He added: "I deeply resent that you should have decided to lift the confidentiality which the company had been asked to observe before the report was published."

According to Mr. Teddy Taylor (C. Cathcart), there was a great deal of unfairness in this kind of Department of Trade inquiry which inspected a company what allegations they "fixed" without risk of any legal redress and could then publish all the documents they selected.

Mr. Taylor said that much mud had been thrown, but it should be emphasised that the company had made a considerable contribution to Britain's overseas earnings, to the British exchequer and British influence in the world.

From the Opposition front bench Mr. Terence Higgins, Conservative spokesman on trade, said his party wholeheartedly supported the free enterprise system, but this was balanced by the determination to ensure that the company law protected the public. He thought the result of the inquiry which had been set up by the previous Conservative Government was fully justified.

Tory wants London to stay 'living city'

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

LONDON could be reduced to pounds to attract industry out the status of an urban museum of London.

Government involvement in the problems of London's homeless, unless urgent action was taken and of youngsters drawn by the bright lights, was now essential, Mellish added.

The only way to reduce council house waiting lists was to keep the present housing stock, but to build extra council houses for sale with 100 per cent mortgages linked perhaps to building society loans. Lists would soon disappear, he claimed.

Sir George Young (C. Acton) maintained that London was being "bled white" to provide industrial blood transfusions for other parts of the country. There was a danger that London would be left only with firms that did not want to expand or which did not use new technology.

Mr. Ronald Brown (Lab. Hackney S. and Shoreditch) said the MPs of the capital should have the same access to Ministers as those representing Scotland and Wales. He called for the lifting of the embargo which "prohibited" advertisements to attract industry into London.

London should also be represented on the National Enterprise Board, contended Mr. Brown.

Man wins £575 for bright idea

THE BOOTS GROUP has made a £575 award to Mr. Roy Watson, an electrician from Nottingham for his idea of fitting out the switches on domestic conveyor belts and increasing their efficiency.

The switches regulate the speed of the belts and prevent them from running too fast, a former unsatisfactory feature.

CRICKET/3rd TEST

BY TREVOR BAILEY

Rain holds up England's defeat

ENGLAND'S INABILITY to contend with fast bowling was again shown in their second innings on the fourth day of the Third Test at Old Trafford.

After an opening partnership by those two old stalwarts Edrich and Close had put on over 50 for the first wicket, they crumbled before the speed of Roberts, Holding and Daniel.

When heavy rain followed by thunderstorms stopped play they were in the hopeless position of 125 for nine. Only weather can now save them.

Edrich and Close resumed their determined and stubborn rear-guard action against Holding and Roberts on an overcast day and the threat of rain, which came down at 12.05 p.m., stopped play.

Both batsmen were not merely passive, as they had been on Saturday evening when 21 runs came in 80 minutes, but produced some positive scoring strokes, while the bowlers' line and length also showed a considerable improvement.

On resumption at 12.35 Daniel replaced Roberts and the 50 came up, but yet again this young fast bowler, the England captain, who is having a wretched series with the bat and has not been over successful with the ball, missed rather too often for comfort and might once have been caught in the gully, but as

always he fought every inch of the way.

Six runs later Roberts, who had taken over from Holding, captured two wickets in two balls. First he bowled out Close's off stump and then he brought one back sharply to trap Woolmer lbw for 0.

This meant that Hayes, who for was already on a pair came in at 80 for three to prevent a hat-trick. He succeeded and also got off the mark, while Steel once

hooked Daniel for six, a bold heartening gesture. At lunch England were 60 for three, deep in trouble and their only real hope was rain.

Steel's fondness for the book once again proved to be his downfall in the afternoon. For to the fourth time in the series he pulled out of this short top time edging a bouncer to fine leg with the total 80 for four. This suggests that he might well be advised to cut out this shot against real pace.

Greig, the England captain, who is having a wretched series with the bat and has not been over successful with the ball, missed rather too often for comfort and might once have been caught in the gully, but as

tail men he does appear vulnerable against the fast yorker.

Meanwhile Hayes continued to play sensibly, but at 112 p.m. he lost two partners with successive balls from Roberts. Knott was caught in the gully and Underwood, his Kent team mate, was caught in the slips for a pair.

This meant that for the third time in the match Roberts was on a hat-trick. He showed, sadly, that he could have had one, but Greedidge dropped Selvey in the slips to the bitter disappointment of both bowler and fieldsmen.

Hayes' promising innings ended at 118 when he was unable to play down a ball from Roberts which lifted sharply. He returned to the pavilion for a no-impressive 18 and Pootock fell to Daniel soon afterwards.

However, Lloyd was unable to win the match before tea. The rain came down yet again. This time the downpour was very severe and no further play was possible.

At 6.25 the umpires abandoned the game. The day was a rain-soaked day for England still needing 227 to win. The main memory of another disappointing day for England was a superb display of fast bowling by Roberts, who captured five for 37, the third support and might once have been caught in the gully, but as

VEBA 1975

The Group's broad base provided the necessary strength during the economic downturn.

A clear corporate concept points to improved results.



VEBA, one of Germany's top industrial concerns, a major energy producer and supplier, chemical company, and transportation and service organization, faced extensive market fluctuations in 1975. The Group's inherent strength, based on its diversified activities, was successfully demonstrated.

Group turnover was all but maintained at the previous year's level reaching DM 24.5 billion (1974: DM 25.1 billion including Gelsenberg AG). This was largely due to higher prices from the sale of electricity. VEBA's dominant field of activity. These increases virtually offset the combined effect of price falls and slower deliveries, particularly in the petroleum and chemicals sectors.

Due to the depressed state of world markets, crude oil throughput had to be severely curtailed and VEBA refineries worked only at about 60% capacity.

The chemicals sector, too, was adversely affected by the world economic situation, but in the third quarter took a turn for the better.

Trading and transportation, represented primarily by the Hugo Stinnes and Raab-Karcher groups of companies, achieved a satisfactory result, even though market conditions here were also rather mixed.

During the year under review, the takeover of Gelsenberg was fully completed and its results were consolidated for the first time.

In the area of energy exploration, Deminex continued to expand its active and successful search for new crude

oil and natural gas supplies on a worldwide basis.

Again, as in the past years, the electricity and generating supply sector provided the financial backbone of the Group and, in spite of a lower off-take by local utilities distributing to the public, the results were satisfactory.

Of the DM 2 billion capital investment during 1975 DM 1.4 billion were put into the electricity sector, with nuclear power development receiving particular attention.

DM 237 million were invested in crude oil refining and chemicals, DM 35 million in hollow glass manufacturing, and DM 221 million in trading, transportation and service activities.

Expenditure on wages, salaries and social services rose from DM 2.15 billion to DM 2.29 billion in 1975; total staff

was slightly reduced by 4.2% to a total of 69,825.

Earnings

Group profits in 1975 amounted to DM 169 million compared to DM 227 million without Gelsenberg in 1974. This considerable reduction is attributable primarily to the sustained losses in the petroleum sector.

With the overall economic trend showing a definite improvement, the Group is confident that its more than 1.2 million shareholders will continue to receive an adequate return on their investment.

The evolved corporate concept for the Group as a whole combined with its responsibilities as Germany's foremost energy concern points the way to improved future results.

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FINANCIAL TIMES SURVEY

Tuesday July 13 1976

Palm Oil

wants
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1. A cluster of palm fruit.

DO YOU USE PALM-OIL ?
then you're right to prefer . . .
IVORY COAST PALM-OIL

* Proven technology

* Quality Product

* Proximity to markets

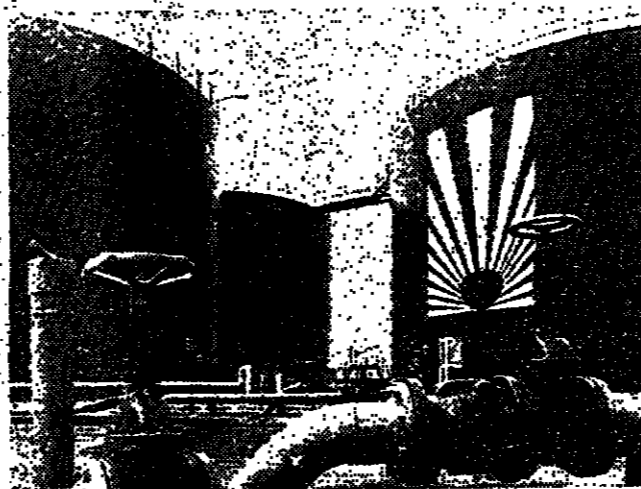
* Travels well



2. Agro-industrial complex.



3. Mechanical harvesting.



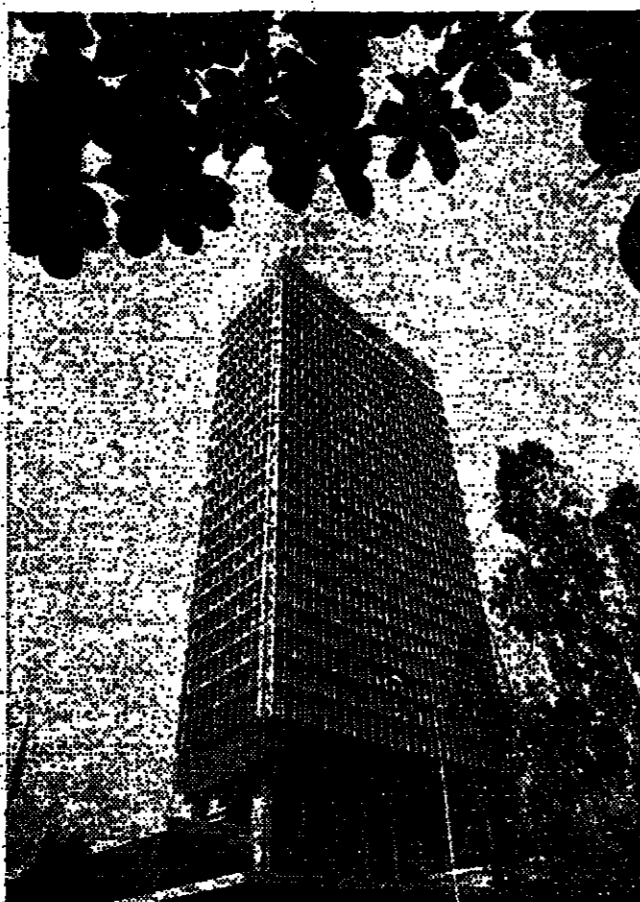
4. Palm-oil storage tanks.

**IVORY COAST
PALM - OIL —
THE MARKET
LEADER**

* Continuing growth of production

| Year | Palm Oil | Palm Kernels |
|------|----------------|---------------|
| 1975 | 144,000 Tonnes | 29,000 Tonnes |
| 1976 | 161,000 Tonnes | 32,000 Tonnes |
| 1977 | 174,000 Tonnes | 35,000 Tonnes |
| 1980 | 200,000 Tonnes | 40,000 Tonnes |
| 1985 | 225,000 Tonnes | 45,000 Tonnes |

Palm Oil Programme—80,000 hectares under cultivation—set up by the Sodepalm Group. The marketing of Ivory Coast palm oil is carried out by the Caisse de Stabilisation.



5. The building of the Caisse de Stabilisation.

CAISSE DE STABILISATION

ET DE SOUTIEN DES PRIX DES PRODUCTIONS AGRICOLES

B.P. V132, ABIDJAN, IVORY COAST. TELEX: CAISTA A711, B712

PALM OIL II

Tomorrow sees the launching of a new futures market in London in palm oil, with great hopes for its success in view of the growing importance of this vegetable oil in world trade and as an essential ingredient in a wide range of food products.

Contribution to world food supplies

THE RELAUNCHING of the London futures market for palm oil tomorrow, after the first contract failed to attract sufficient support, demonstrates the growing importance of this vegetable oil in world commodity trading. Because of the complexities involved, few people appreciate the size and importance of edible fats and oils in world trade and their vital part in helping to feed the world's growing population.

But this is in fact a huge industry, with world production around 50m. tonnes a year and annual exports near 14m. tonnes, most of which is a major source of earnings for developing countries, with prices ranging from \$400 a tonne upwards. Of this total palm oil accounts for over 10 per cent. only at present, but its share is rising fast and is expected to reach 15 per cent. by 1980, if not before. In production terms palm oil is likely to be second only to soyabean oil by 1980 and is already the second most important vegetable oil exported.

It is certainly the fastest growing sector of the vegetable oil trade, with spectacular increases in world production since Malaysian rubber producers turned in desperation to an "alternative" source of revenue in the mid-sixties when competition from synthetic

rubber was apparently threatening the whole future of the natural rubber trade.

As it happens those fears about natural rubber prospects have proved to be wildly exaggerated but as a result Malaysia has gained an important new source of export earnings and already has plans to double production by 1980 to over 2m. tonnes a year compared with less than 1m. tonnes produced in 1974 and only 400,000 tonnes in 1970.

Encouraged by Malaysia's success, other natural producing areas—Indonesia, Sabah and the Ivory Coast—are planning big increases in output. Indonesian production is expected to rise from 216,000 tonnes in 1970 to 325,000 by 1980; the Ivory Coast's from 52,000 tonnes in 1970 to 250,000 by 1980 and Sabah's from 27,000 to 300,000 tonnes.

Danger

These figures suggest that there is a distinct danger of heavy surplus supplies developing by 1980, but there is generally confidence that world demand for edible oils will expand with the growing population to more than meet the increased output and that in any event palm oil will be well placed to compete.

The big natural advantage of

| WORLD VEGETABLE OILS PRODUCTION | | | | | | | | | | |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| (000 tonnes) | | | | | | | | | | |
| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 |
| Cottonseed Oil | 2,621 | 2,636 | 2,686 | 3,066 | 3,149 | 3,203 | 3,248 | 3,314 | 3,383 | 3,453 |
| Peanut Oil | 3,271 | 3,368 | 3,518 | 3,824 | 3,900 | 3,939 | 4,000 | 4,157 | 4,345 | 4,545 |
| Soyabean Oil | 6,066 | 6,235 | 6,719 | 7,382 | 8,173 | 8,765 | 9,316 | 11,761 | 13,231 | 14,761 |
| Sunflower Oil | 3,802 | 3,612 | 3,637 | 3,576 | 4,506 | 3,925 | 3,758 | 3,835 | 3,910 | 4,010 |
| Rapeseed Oil | 1,878 | 2,476 | 2,556 | 2,396 | 2,396 | 2,490 | 2,700 | 2,741 | 3,015 | 3,105 |
| Sesame Oil | 591 | 721 | 655 | 615 | 637 | 660 | 677 | 700 | 729 | 759 |
| Safflower Oil | 211 | 226 | 300 | 239 | 212 | 236 | 335 | 320 | 393 | 393 |
| Olive Oil | 1,245 | 1,452 | 1,559 | 1,445 | 1,535 | 1,379 | 1,640 | 1,716 | 1,852 | 1,982 |
| Corn Oil | 227 | 280 | 287 | 303 | 303 | 284 | 305 | 327 | 356 | 387 |
| Cocunut Oil | 2,135 | 2,434 | 2,792 | 2,414 | 2,100 | 2,650 | 2,855 | 2,953 | 3,287 | 3,599 |
| PALM KERNEL OIL | 439 | 462 | 455 | 434 | 484 | 513 | 535 | 599 | 700 | 700 |
| PALM OIL | 1,715 | 1,907 | 2,143 | 2,250 | 2,394 | 2,569 | 3,174 | 4,500 | 5,530 | 6,530 |
| Babassu Oil | 85 | 72 | 107 | 105 | 105 | 105 | 96 | 118 | 130 | 130 |
| TOTAL | 24,336 | 25,884 | 27,588 | 27,070 | 30,205 | 32,495 | 32,222 | 37,744 | 43,503 | 48,503 |

palm oil is that it is produced virtually all the year round once the tree reaches sufficient maturity and this means that its yield per acre of oil is far and away above any perennial or annual alternative crops. At the same time it produces a wide range of "by-products," including palm kernel oil, kernel meal for animal feeding stuffs and bagasse, that is used as fuel to provide energy for the processing plants.

Palm oil is also an extremely versatile product that not only competes with its natural rivals, like fish oil, tallow and lard, but nowadays is also very competitive with the soft edible oils,

including soyabean and rapeseed. Perhaps the most conclusive sign of palm oil's rise in importance and competitiveness have been the recent protests from U.S. soyabean farmers about low-priced palm oil imports hurting their domestic markets and urging the U.S. Government to do something about this "unfair" competition.

Subsequent rumours have been circulating around of U.S. pressure to slow down the growth in palm oil production, but this hardly seems the right move in a world still desperately short of foodstuffs in many areas. It should also be mentioned that against the advantages of growing palm oil are the disadvantages that it requires long-term investment, as the trees do not start producing for some five years after planting, and the inflexibility of controlling supplies from thereon—unlike annual crops such as soyabeans where production can be varied on a yearly basis.

At the same time efficient production of palm oil is very much dependent on the provision of good transport processing facilities near the growing areas, since quality deteriorates rapidly once the fruit is picked. Considerable expertise is needed as well in the processing of the product to achieve the greatest

benefits, especially in view of the technical developments that have made vegetable oils virtually interchangeable in many uses from margarine to shortening, ice-cream, cooking oils and soaps.

The recent decision by Malaysia to impose a reduced form of export tax on semi-processed palm oil products highlights other problems involved in disposing of surplus by-products and distribution difficulties in maintaining quality standards.

Marketing, of course, is a key factor in the success of any product and in palm oil it is especially important in view of the curbs on world trading imposed by various countries. For example, processed products tend to attract import tariffs in the main industrialised areas, including the EEC. The reduced export tax imposed by Malaysia is therefore to a large extent offset by the higher duty on imports compared with the duty-free import of palm oil itself as a raw material.

Equally important is the pricing policy. Until June, 1974, the price of Malaysian palm oil was fixed by an unofficial "pool" in London. But this was found to be too inflexible to meet market needs, particularly in view of the price movements in other competitive vegetable oils.

The technical developments allowing for much greater interchangeability between different

oils also means that prices of individual oils, to be competitive, must stay in line, to a much greater extent, nowadays than in the past.

For this reason moves towards price stabilisation are likely to be opposed strongly by the trade, which points out that the establishment of any kind of buffer stock scheme would be virtually impossible in view of the easy substitution of one oil for another. To control supplies of all the competitive oils is obviously neither practical nor advisable, in view of the preponderance of soyabean oil produced by the U.S.—the chief opponent of artificial price schemes.

In the new free market pricing of palm oil, as opposed to the previous fixed price quotations, dealers obviously play a greater role. But last year saw a number of financial problems as prices fluctuated unpredictably, and this has emphasised the need for a futures market to provide the financial insurance for dealers, as well as producers and consumers. At the same time the establishment of an effective futures market serves a double purpose as a pricing medium, so that a known price is established taking into account all the various factors influencing the price of any commodity.

There are great hopes that the careful planning by the Federation of Oil, Seeds and Fats Asso-

ciation (Fosfa) will mean a market that has now taken off after a relatively quiet start.

The big problem with any new futures market is attracting sufficient turnover to make the contract viable to take the size of volume required by the trade so that hedging sales or purchases do not have too great an effect on prices and thereby move the market artificially.

For this reason it is hoped that palm oil is another major commodity worth looking at in the same context as other food raw materials traded on the London commodity exchanges. Eventually the ambition is for palm oil to help establish the complex of markets for vegetable oil products, similar to the grain complex in Chicago.

John Edwards
Commodities Editor

WORLD PALM-OIL PRODUCTION

| | West | Malaysia | Sabah | Indonesia | Ivory Coast | Zaire | Other | World |
|------|-------|----------|-------|-----------|-------------|-------|-------|-------|
| Year | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 |
| 1970 | 403 | 27 | 216 | 52 | 201 | 816 | 1,715 | |
| 1971 | 551 | 38 | 249 | 55 | 199 | 825 | 1,905 | |
| 1972 | 659 | 72 | 269 | 93 | 190 | 860 | 2,143 | |
| 1973 | 740 | 73 | 290 | 111 | 185 | 851 | 2,250 | |
| 1974 | 942 | 88 | 351 | 145 | 174 | 894 | 2,594 | |
| 1975 | 1,125 | 125 | 370 | 155 | 165 | 919 | 2,569 | |
| 1976 | 1,350 | 150 | 396 | 174 | 168 | 936 | 3,174 | |
| 1980 | 2,200 | 300 | 525 | 250 | 150 | 1,075 | 4,500 | |
| 1985 | 2,600 | 375 | 725 | 300 | 125 | 1,200 | 5,525 | |

PALM-OIL CONSUMPTION—MAJOR COUNTRIES

| | U.S. | U.K. | West Germany | Netherland | Other | Japan | Iraq | India | Other | World |
|------|-------|------|--------------|------------|-------|-------|------|-------|-------|-------|
| Year | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 |
| 1970 | 64 | 162 | 116 | 70 | 119 | 40 | 66 | 0 | 105 | 1,715 |
| 1971 | 98 | 223 | 150 | 86 | 143 | 41 | 78 | 1 | 147 | 1,907 |
| 1972 | 196 | 208 | 151 | 105 | 181 | 55 | 82 | 1 | 168 | 2,143 |
| 1973 | 177 | 244 | 152 | 95 | 155 | 100 | 105 | 52 | 138 | 2,250 |
| 1974 | 187 | 296 | 123 | 96 | 150 | 115 | 125 | 53 | 276 | 2,594 |
| 1975 | 400 | 275 | 155 | 110 | 165 | 110 | 135 | 50 | 400 | 2,909 |
| 1976 | 525 | 300 | 165 | 115 | 200 | 120 | 145 | 25 | 525 | 3,224 |
| 1980 | 1,000 | 325 | 200 | 130 | 240 | 160 | 165 | 80 | 1,000 | 4,700 |
| 1985 | 1,125 | 400 | 250 | 150 | 300 | 200 | 200 | 125 | 1,125 | 5,525 |

EXPORTS OF PALM OIL FROM MAJOR PRODUCING AREAS

| | Malaysia | Indonesia | Zaire | Ivory Coast | Dahomey | Cameroon | Angola | Other | Others | Total |
|-------|----------|-----------|-------|-------------|---------|----------|--------|-------|--------|-------|
| Year | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 |
| 1968 | 286 | 152 | 141 | — | 10 | 7 | 12 | 8 | 33 | 649 |
| 1969 | 357 | 179 | 125 | 2 | 12 | 6 | 11 | 12 | 10 | 714 |
| 1970 | 402 | 167 | 123 | 13 | 14 | 8 | 12 | 11 | 10 | 760 |
| 1971 | 573 | 216 | 112 | 29 | 16 | 8 | 11 | 20 | 5 | 890 |
| 1972 | 694 | 233 | 87 | 31 | 6 | 1 | 8 | 2 | 16 | 1,098 |
| 1973 | 797 | 260 | 70 | 55 | 9 | 5 | 4 | — | 26 | 1,220 |
| 1974 | 800 | 290 | 70 | 65 | 12 | 13 | 9 | — | 16 | 1,275 |
| 1975 | 1,035 | 355 | 60 | 95 | 20 | — | 17 | — | 40 | 1,592 |
| 1976 | 1,145 | 360 | 48 | 114 | 28 | — | 22 | — | 46 | 1,763 |
| 1980* | 1,535 | 420 | — | 170 | 60 | — | 40 | — | 60 | 2,585 |

* Estimate. † Forecast.
Sources: Commonwealth Secretariat, USDA, FAO, Unilever, Malaysian Statistics.

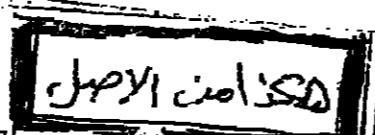


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How the futures market will operate

"IF THE new palm oil futures contract is not a success the trade simply cannot want a futures market." These words, spoken by a London trader who was instrumental in the designing of the new contract as well as the old one—which was a conspicuous failure—underline the pains which have been taken to ensure the maximum chance of success for the new market.

The original palm oil contract was virtually dormant from its opening at the beginning of 1974 till it was officially killed off a few weeks ago. After enjoying a brief period of limited activity the market gradually died of its feet through lack of interest. The designers of the new contract are fairly positive as to the reasons for the old market's failure. "First," they say, "the contract itself was wrong for the market." The basic criticism was that it was too closely allied to the physical contract in which traders were already dealing. This meant that they saw little reason for involving themselves with the extra costs (deposits and margins) and complications of futures trading when they could hedge on the physical market at no extra charge.

These were regarded as the two main barriers to success for the old contract but many relatively minor points also stood in the way of its full acceptance by the trade. However, the sponsors of the new contract feel confident that no possible effort has been spared in their attempt to iron out even the most minor difficulty.

The London Vegetable Oil Terminal Market Association, begun with the producer and ended with the final consumer. While the chain remained unbroken this approach provided adequate guarantees of healthy profits.

From the palm oil producer's point of view the original contract was unsatisfactory because of the strict quality control which was insisted upon. This meant that any sales made on the futures market could be general. In these circumstances

to the market prove unacceptable under quality restrictions which were even more stringent than those operations on the physical market itself.

The new contract has no fixed quality requirements but allows discounts for the buyer to compensate for fatty acid content in excess of five per cent. This system is similar to that used in physical trading so the vendor need no longer feel at any disadvantage when tendering to the futures market rather than the physical market. The consumers' main objection to the old contract was the wide variety of acceptable delivery points. This meant that physical palm oil tendered against a future contract could turn up at any of several recognised ports—involving the purchaser in unforeseeable extra costs and leading to unavoidable delays. The new contract specifies Rotterdam as the only delivery point so the buyer can know where he stands and make positive cost allowances for shipment of the oil to its final destination.

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traders could be forgiven for thinking that they were in no need of the special sort of protection afforded by a futures market.

But the aftermath of the boom has changed the position fundamentally. A succession of financial failures among European palm oil traders last year led to breaks in the physical hedging chain which left a number of the surviving traders at the wrong end of costly contract defaults. Many traders—mostly non-specialist—who did not actually fail were nevertheless frightened out of the palm oil market, effectively eroding the broad market base which had previously made physical hedging a practical proposition. The more cautious attitude in the market has also made it difficult for the smaller trader to get business as producers and consumers have become increasingly reluctant to deal with firms not boasting an ultra-sound financial base.

Attitude

These new circumstances have served to persuade most traders of the need for a viable futures market in their commodity. And this attitude could turn out to be the most potent factor in favour of the new market as traders will see that it is in their own interests to make it a success.

The case in favour of commodity futures markets is very well documented and this case is perhaps strongest for plantations crops such as palm oil. All commodity producers are effectively holders of a perpetual long position but for the palm oil producer the position is longer than most. Unlike fully seasonal crops, palm is a long-term investment. Once it is planted and production is established it is difficult to adjust output to any significant degree—let alone to stop it.

So for the palm oil producer

marketing is a continuous process—and a strong futures market can ease his problems in this area considerably. There will be times when he sees advantageous prices but has insufficient physical oil to be able to cash in. At other times he may be forced to sell when prices are low because of lack of storage facilities. In this case a compensating purchase on the futures market will enable him to avoid losing out should price subsequently recover.

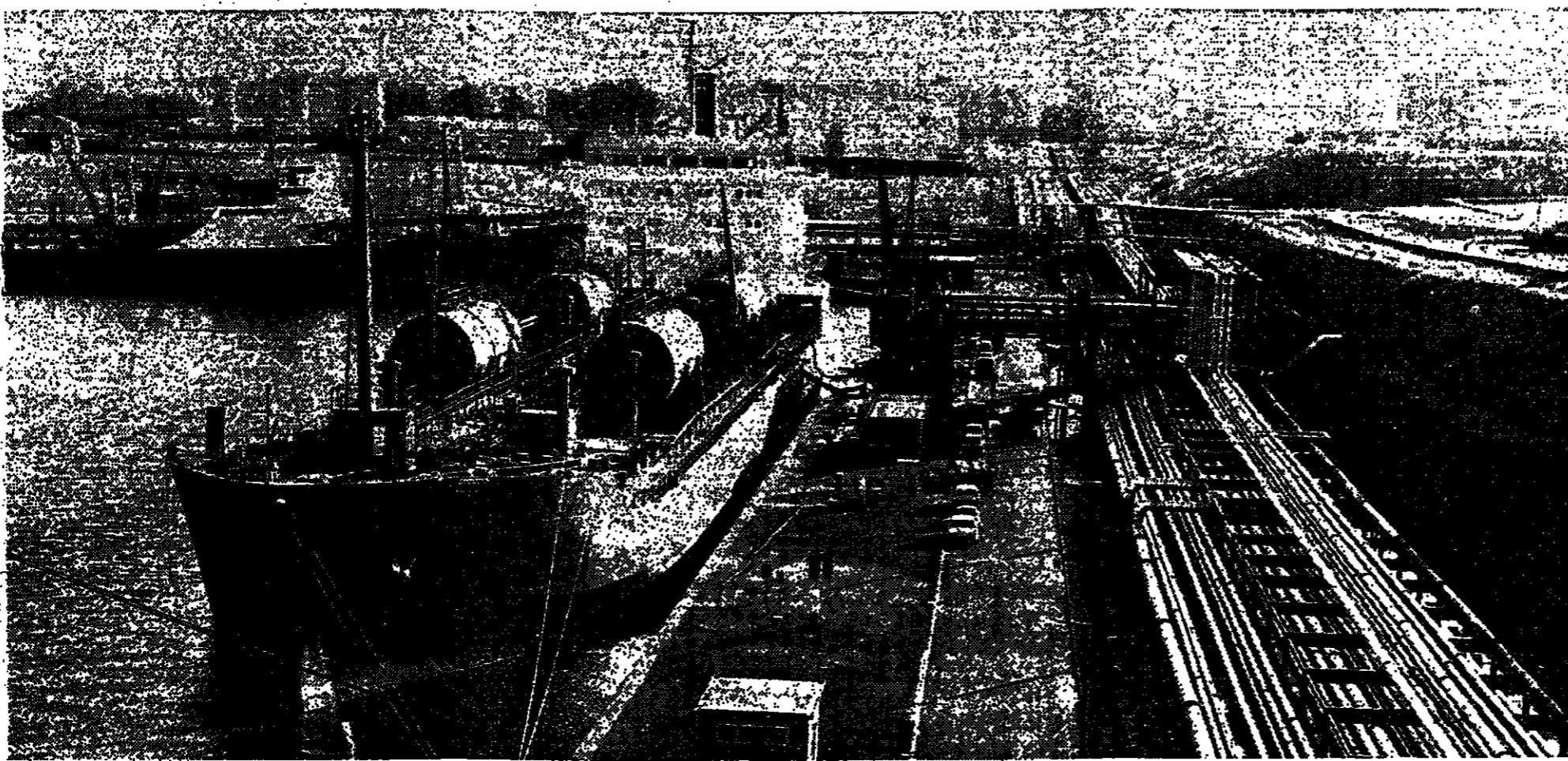
However, a futures market cannot operate with producers alone. The refiner is already adequately covered by his ability to balance his sales of refined oil against his purchases of crude—thus ensuring a fairly consistent refining margin. But the end consumer (the manufacturer of margarine, shortenings, soaps, etc.) has problems complementary to those of the producer. He will be able to use the futures market in the same way from the opposite end of the spectrum—selling on the futures market when he has been forced to make a high priced purchase and buying futures against his expected requirements when prices are low.

There is one vital ingredient still missing—the much maligned speculator. The role of the speculator, who has been described as "the yeast in the recipe for a successful market," can hardly be overestimated. It is he, as the professional risk-taker, who provides the extra trading volume—generally around 30 per cent in this country—which enables a long position to be ironed out of the peaks and troughs and hope of seasonal crops, palm is a long-term investment. Once it is planted and production is established it is difficult to adjust output to any significant degree—let alone to stop it.

So for the palm oil producer

Richard Mooney

PALM OIL III



The bulk carrier Post Enterprise discharging palm oil from Malaysia at Panocean Storage and Transport's Eastham terminal on Merseyside.

High yield but high cost

OIL is produced from for about 10,000 to 15,000 acres of the oil palm. Elaeis is, in the world's tropics—principally in the East, Malaysia and Indonesia. The tree size would require a processing mill and this would absorb about 40 per cent of the development costs.

In Malaysia, with its high rainfall and ample sunlight, establishment is rapid and fruiting is encouraged by artificial pollinating the flowers until the 8th or 10th year of growth. After that time it is generally believed that there is enough pollen floating around the plantations to keep production going. In any case after the 10th year the trees have grown too tall to be carried out economically.

It is cultivated in smallholdings but in there are a large proportion of groves of wild palms, of which is harvested by farmers for sale to local consumers. In Malaysia and Indonesia the cultivation is much intensive, and directed to the farming point of an intensive crop, requiring high skill in management and considerable investment. Setting and self-contained plantation supervisory staff. Harvesting is continuous all through the year, estimates £14m. to £15m. in Malaysia, average monthly

quantities being about the same with some reduction in what passes for the tropical winter or in the event of a drought as happened recently. This means that all staff and the factory are continuously employed, and production is little affected by the vagaries of the weather as in the case of other edible oil crops.

The fruit ripens about six months after pollination and is probably best likened to a bunch of large plums. Cutting the bunches is a highly skilled job. If it is done badly there will be no regrowth on the fruit bearing frond. Once on the ground the fruit has to be transported to the mill without delay, or it will deteriorate and yield will be reduced.

Processing extracts the oil from the flesh of the fruit, leaving the skin and fibre, which is used to fire the factory boilers, and generate electricity. The main by-product is the kernel, about the size of an eating chestnut, the centre of which is also crushed for oil.

Palm kernel oil, which approximates to about 20 per cent of the output of palm oil,

is more akin to coconut oil, and is generally classified as being non-edible, although modern processing can make it so. The tree will also provide palm wine which, on the occasions I have tried it in Africa, seemed to be a completely unappealing drink, needing at least the admixture of an equal quantity of gin to make it consumable.

Fertility

Although the fuel costs of the factory are minimal because of the use of waste products, palm trees demand considerable fertiliser, mainly nitrogen and potash, and occasionally phosphates as well. In high rainfall areas, particularly in Malaysia, soil analysis is done every year and often twice in order to monitor the fertility available for the crop. In Malaysia in particular I was very impressed by the lush dark green of the leaves which pointed to considerable applications of nitrogen.

By contrast the palms I saw during a visit to West Africa had nothing like the same evidence of fertility although

they were on a modern plantation. For this the climate is probably responsible. Crop yields in Malaysia, at roughly two tons of oil an acre on the best plantations, are just about double those of Africa, where the law of diminishing returns operates against an over-investment in production. The average production life of a tree is 25/30 years and output is said to be predictable within quite narrow limits.

Although the best yields probably come from the industrialised plantations with access to capital and under strict managerial control, about 50 per cent of Malaysian production is from smallholdings, which in that country have been remarkably successful in supplying the processing factories. There has been considerable expansion over recent years, assisted in some cases by development aid of various kinds.

Production in both Malaysia and Indonesia is confidently expected to continue expanding as the new plantations already planted come into bearing.

Unlike the majority of edible

oil crops, such as soyabeans, groundnut or cotton seed, annual production is not so much at the mercy of the weather, and is not dependent on short-term cultivations as it has a constant harvest. Its heavy yield of oil per acre, even in Africa, far exceeds that of any other oil crop. But against this must be set a far higher capital cost for plantation establishment and a permanent labour force.

The consistency of production is also both a strength and a weakness. Crops like soyabeans and rapeseed can be planted and harvested mechanically in very large areas of not particularly good land. The seeds are easily transportable without harm, and they can be processed in mills which, like the machinery used for cultivation, can process other crops as can the land. A palm oil plantation on the other hand has to go on producing oil and kernels for the life of the trees. There are no viable alternative uses for the machinery or the labour. The palm oil therefore is dependent on constant demand at a viable price, and on sufficient labour because it must be one of the most labour-intensive of the edible oils to produce.

J. O. Cherrington
Agriculture Correspondent

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Competition in edible oils

production of vegetable oils has risen spectacularly in the last ten years—from 1965 to 35.3m. tonnes in 1975/6. The most marked increase has been in oil seed and olive oil which rose from 15.9m. to 28.1m. tonnes. Over a period coconut, palm and palm oil rose from 1.3m. to 5m. tonnes of production of palm oil rose from 722,000 to 2,350,000 in 1975. s in line with an FAO made in 1972 that

production of palm oil would reach between 4 and 5m. tonnes by 1980 and illustrates the predictability of this crop unless disrupted by outside factors such as war or political disturbance.

The increase has been most marked in Malaysia and Indonesia. In Malaysia output has risen from 146,000 tonnes in 1965 to 1,135m. tonnes in 1975. In Indonesia the expansion is from 160,000 tonnes to 410,000 tonnes. West African production has remained roughly the same. Increased

production in the Ivory Coast has compensated for a fall in output in Nigeria, due to the Biafran war, and in Zaïre.

The bulk of palm oil production both actual and prospective in Africa is for local consumption and producers have a captive market to which they can sell without risking the world market. Only the Ivory Coast is a net exporter of oil.

Outside the Far East and W. Africa there is as yet no significant production of palm oil although there are now schemes for getting the industry started in Brazil and Central America where climatic conditions are suitable.

Dominates

Malaysia, including Sabah, dominates the export trade for palm oil with nearly 1m. tonnes in 1975 out of a world total of 1.8m. Indonesia with 200,000 tonnes and the Ivory Coast are the other significant exporters. It is already being predicted that Malaysian exports could rise to the 2m. tonnes level in another decade. But will there be a market?

Already American farmers have been putting pressure on the U.S. Congress to protect their soyabean production against imports of palm oil which, they claim, is likely to displace an increasing acreage of soyabean. Half-a-million acres of soyas annually over the next ten years will be displaced if the planned increased production of Malaysia and Indonesia, the main producers, is allowed to enter the U.S. or world markets. So far the farm lobby has failed to secure a duty on such imports, but it is believed that Earl Buttz, Secretary of Agriculture, has intimated to the governments of the two countries that they should ease off on their planned production.

U.S. farmers are particularly incensed because much of the expansion of palm oil production was financed by aid and loans through the World Bank and other sources with U.S. cash. They claim that as the U.S. imposes no duty or levy

on palm oil any increased production is likely to compete with their soyas. Present imports support their claim, having doubled from 200,000 tonnes in 1974 to 435,000 tonnes in 1975.

Of the other importing countries only the EEC showed an increase of any magnitude, about 90,000 tonnes or 15 per cent. Canadian importation has trebled but only totals 27,000 tonnes in all. There is no doubt that the market for all edible oils is well supplied and prices have fallen substantially over the levels of a year ago, although there has been some recovery lately. But whether this recovery can be maintained in face of the increased production of palm oil expected over the next 3/4 years is an open question.

Much will depend on the planting of competing crops, oil seeds, groundnuts and so on. Although these yield very much less than palm oil on an acreage basis growers have a very profitable outlet in protein material from the residues after crushing—cotton seed meal, soya meal, groundnut cake and so on. Trade in these materials is very good at the moment and the high price of proteins could encourage more planting with the return from oil being judged as less important. In fact a situation could arise where the returns from the protein residues alone was sufficient to make the crop profitable.

From this it would appear that in a competitive situation, with over-supply pushing prices down, palm oil producers would be at a disadvantage because of the inherently inflexible pattern of production and the lack of any alternative cropping.

On the other hand the planting of certain oil-seeds, rape, sunflower and soya, which represent two-thirds of non-palm production, is infinitely variable. They are alternatives to grain growing in a number of important producing countries—the U.S., Canada, Australia and Argentina. Farmers in these countries already use oil-seeds as break crops in a rotation, and should there be any serious decline in prices for

grain, oil seed production is a very obvious second choice and one for which most arable farmers are geared up.

Vegetable oils made into margarine are directly competitive with butter. This is in considerable surplus in the EEC, and in over-supply in most other countries. The price of butter in the U.K. is likely to rise by about 40 per cent over the next 18 months and it is generally expected if the trade that this will reduce consumption by anything up to 150,000 tons annually.

Fearful

This should be replaced by an equivalent or even larger quantity of margarine, if there is sufficient price differential between the two fats to induce the housewife to switch her preference. Being fearful of this, Community farmers, including those in Britain, are calling for a fiscal penalty on edible oils or margarine in order to bring its cost up to that of butter.

This issue has not yet surfaced officially in Brussels, but the EEC Commission has been left in no doubt of the views of farmers' organisations on this question. Bearing in mind past form when dealing with such things as the protein levy to try and clear the skimmed milk powder mountain, there is no certainty that the Council of Ministers would not act on these lines. It is also possible that the operation would be linked with a higher guaranteed price for EEC grown oil seeds.

This analysis accords with the findings of the FAO Inter-governmental Group on oil-seeds, oils and fats at its Rome meeting in March. This indicated that demand for oils at 1975 prices was lower than availability of exports and that lower prices would persist until supplies were reduced or demand increased. Among the suggestions for dealing with this situation was one that planting of oil palms should be checked.

J.O.C.

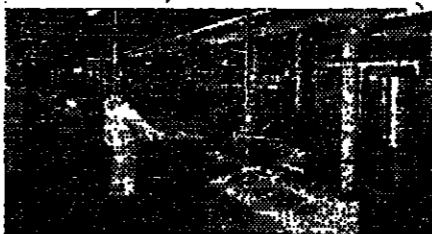
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PALM OIL IV



Harvesting the palm in Nigeria. (Photo: Alan Hutchinson Library.)

Valuable food ingredient

THE TROPICAL heatwave in which Britain has basked this summer has had a number of unusual consequences. One indirect but none the less valuable consequence will be in the increased demand it will have created for palm oil—the ultimate benefit of the producers of the raw material who would probably feel far more at home in the temperatures Britain has been experiencing in recent weeks than the majority of U.K. citizens.

As always, as soon as the temperature soared so did the sales of ice-cream. At home, in restaurants, cafes, parks and on the streets and beaches tons of ice-cream have disappeared down the nation's hot and parched throats in recent weeks. For the ice-cream manufacturers and retailers' last summer's favourable sales figures have either been repeated or improved.

And because of the special British taste for ice-cream which has developed over the past two or three decades the sales boom has meant that a lot of vegetable oil, much of it palm oil, has been used in making it. Unlike other countries which prefer the richer type of ice-cream made with butterfat the British have grown to like their version which in the vast majority of cases is made from vegetable oils. This habit, which probably originated through the exigencies of wartime rationing, provides a valuable outlet for one of the food uses for palm oil.

But the uses for this extraordinarily versatile product in food manufacture are many and varied. Walk into any supermarket in the country and you will find a product bearing the familiar "vegetable oil" inscription under the list of ingredients, and since the beginning of the 1970s a growing proportion of these products will have used palm oil as the main vegetable oil ingredient.

It is used as a valuable "shortener" in pastry making and particularly in biscuit making—which in view of the variety and quantity of British biscuits means again a valuable outlet for palm oil producers and for the purchasers and processors who turn the crude oil into the many grades of refined oil needed for different uses.

At both domestic and trade level the use of cooking oils has seen big increases over the past few years. Either packed in the small containers used in the home or in the big catering-sized drums, cans and bottles, crisp manufacturers and the makers of other packaged snacks use large quantities of the oil and although it may not please the fish and chip purist who longingly looks back to the time when the battered fish and the thick soft chips came out crisp, golden brown from deep troughs of bubbling lard, vegetable oils are being used in more and more fish and chip shops and in

the plethora of ready-cooked chicken and other food shops.

For youngsters who may never have sampled their chips fried in anything other than vegetable oil the taste will probably always be preferred to foods cooked in animal fat or fish oils. Food experts say that palm oil, for instance, imparts a characteristic flavour to foods during frying which is apparently due to the presence of carotenoids and that this flavour is perfectly acceptable to consumers.

Margarine

Probably the biggest use for palm oil in the food manufacturing sector, however, is in the various types of margarine on sale. Here again, with the inevitable increases in the price of butterfat—the major competitor in the yellow fats market—as the U.K. reaches parity with other members of the Common Market over the next two or three years, the opportunities for all vegetable oils must grow.

As butter becomes more expensive everyone in the industry is preparing for a fall in consumption. National food surveys have already begun to show a slight movement in this direction as the subsidies that have made butter so competitive in

the market place have started to disappear.

With their incomes limited, consumers faced with all-round increases in food prices are naturally switching to the cheaper brands of the same foods or to any cheaper alternatives. In the world of fats this means a switch to margarine which may or may not be aided by the claims and counter-claims about the health reasons for eating one or the other. In any event it must mean an even bigger demand for vegetable oils like palm oil from the margarine manufacturers.

Other food manufacturers use palm and other vegetable oils in a variety of ways for making foods as diverse as lemon curd to canned spaghetti products, soups, sandwich spreads, gravy thickeners, salad creams, many types of frozen foods, chocolate, toffee and other sweets, and of course ice-cream where the texture in handling, processing, packing, keeping and eating, as well as the flavour demand ingredients of a peculiarly versatile yet dependable quality.

Human food apart, all vegetable oils have a valuable role in the complicated formulations of the animal feed manufacturers who have to juggle with the exact nutritional requirements of the various types of

high performance farm animals the feed is intended for, plus the price suitability, palatability and availability of the various protein ingredients that can be purchased.

Nowadays, with the nightmare of suddenly imposed export embargoes, international fishing disputes, labour disputes, natural disasters such as crop failures, changes in sea currents affecting fish supplies, on top of recessions, inflation, price controls and other more familiar worries, it is no small wonder that feed manufacturers have to rely on electronic computers to identify the best and cheapest formulations. As fish and animal proteins become scarcer and more expensive and competition for vegetable proteins intensifies, it is not surprising that palm oil should come into their own.

Detergents

There are, as well, many industrial but inedible uses for palm oil. Foremost among these is its use in the manufacture of soaps and detergents, which have always been a prime outlet for palm oil supplies. Not only does the manufacture of soaps call for large quantities of palm oil but also for the entirely different lauric oil which is contained in the palm fruit

kernel and is similar to coconut oil. Vegetable oils in industrial processes as ink-making, leather goods and fluxes in the tin industries.

From just one obtain palm oil, a few days later go to a bottle of s... kernel and bugs tion its most exot feature must sure out the aid o you need to do to screw a bottle of one of it and animal proteins become scarcer and more expensive and competition for vegetable proteins intensifies, it is not surprising that palm oil should come into their own.

Pe

Alternative crop for the plantations

RUBBER companies were planting oil palms in Malaysia as long as fifty years ago. But the real surge into the crop occurred in the mid-sixties and this can be put down to three basic factors. First, the gestation period of oil palms is somewhere in the region of three years, whereas on rubber the period to maturity is at least double that. The market is bigger and more widespread, and the world's appetite for vegetable oils is clearly on the increase. Finally, the rubber companies are looking to achieve a balance to offset the cyclical market in rubber.

The switch into oil palms has been carried out to varying degrees, but most plantations have tried, or are trying, to achieve a 50:50 split between the two. Guthrie, for example, had a breakdown of planted acres at the end of 1966 of 144,000 rubber to 38,000 oil palms. The current figures are 104,000 acres of rubber, against 82,000 of oil palm. Parity is expected to be achieved by 1980.

Others, like Kulim, went completely overboard and have replaced rubber acreage with oil palms to the extent that the latter is the larger of the two. In Kulim's case, brokers' estimates indicate roughly 14,500 acres of oil palms to 4,500 of rubber.

Highlands has split its 72,000 planted acres fairly evenly. In the Harrisons and Crossfield stable, Golden Hope has 26,000 acres in each—and a further 11,000 acres in coconuts underplanted with coena. London Asiatic is split 33,000 : 22,000 in favour of rubber; Pataling is

26,000: 17,900, again in favour of rubber.

By and large the move into oil palms has been a tremendously beneficial one, though some companies have been less than successful with the other diversifications away from plantations that have occurred out of the palm oil revenues.

The profit per mature acre of oil palms is far in excess of the profit on rubber, although the figures have swung violently at times in recent years. In 1971 the profit per acre was only £37; in the peak years of 1974 it was £270. In 1973 and 1975 respectively the figures were £113 and £184.

Processing

The transformation of rubber acreage into oil palm acreage has been neither easy nor cheap. In quite a number of cases the soil is simply unsuitable. But on the expenses side it is one thing planting oil palms and it is quite another processing the oil palm fruit. Most of the major companies have invested in their own plant and frequently this comes not only with that company's own produce but also that produced outside and bought in. Guthrie two years ago bought a further 18,000 acres of jungle, and planted exclusively oil palms. The company has just placed an order for a new plant to service this area costing some £2m.

Plantation Holdings, where the aim is to push the oil palm content up to 30 per cent, spent some £2m on its own plant in 1972. A lot of its produce is sold to local fraction-

ating plants where it is refined to produce margarine.

At the outset of the palm oil boom the companies actually sold through a pool headed by the Guthrie Corporation, which took a small percentage in the form of commission in return for its trouble. This became an area of some friction between the companies for a variety of reasons, but the pool was finally broken up by Restrictive Trade Practice Act considerations, as it was decided by the members of the pool that this did infringe the legislation. Now the companies go their own way as regards selling and marketing arrangements.

The establishment of palm oil as a major force in the edible oils markets is assured. The last annual accounts from Harrisons and Crossfield states: "It is interesting to note that world exports of palm oil in 1967 were only 498,000 tonnes compared with an estimate for 1976 of more than 2m. tonnes. Palm oil is thus now firmly established as a major force in world markets and the transition from an oil known only to a few traditional users to one which cannot be ignored by any buyer of oils and fats, has been much smoother than seemed possible ten years ago."

Although this is partly due to unexpectedly favourable market conditions during the past few years, the greatest credit is due to all those involved in this dynamic and fast-growing industry. There is perhaps no greater success story within the whole field of tropical agriculture.

The financial benefits of palm oil have not been lost on the

Malaysian authorities made no secret of their wish the ber crop to be kept at ready a number of palm oil comp switched domicile. first to go was Ku Kepong. Highland lands has already Far Eastern interest estimated to be over cent mark. Kulim to shift.

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There is always of course, that their an over-supply prol could severely aff ability. A recent art Far Eastern Econo talks of the industry of success and that could outstrip consu the 1980s." Howev on an optimistic: cheapest vegetable o lowest level of price palm oil has the ed competitors. On a acre basis it is also efficient oil seed."

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TUESDAY, JULY 13, 1976

The need for guidelines

YESTERDAY'S economic indicators, while confirming the strength of the economic recovery, provide little cause for comfort on inflation. On the one hand, the industrial production index rose from 102.0 in April to 103.1 in May; the index for manufacturing industry in the three months from March to May was 2 per cent higher than the average for the preceding three months. The rise in production, moreover, is becoming more general, affecting consumer goods and investment goods producers as well as the intermediate industries. With de-stocking at an end and demand providing a strong stimulus, these figures are in line with the Chancellor's recently revised forecasts of economic growth over the next 12 months: he expects the rise in industrial output in the year to mid-1977 to be about 9 per cent.

Optimistic

The wholesale price indices, on the other hand, suggest that the Government's inflation targets may still be too optimistic, even after the revisions made in the light of the fall in sterling. The index for all manufactured products in June was 143 per cent higher than a year earlier, the same as in May; the rate of increase in output prices has thus levelled off after falling for twelve successive months. At the same time input prices rose sharply again, reflecting higher prices for imported commodities and semi-manufactures. The index for materials other than those purchased by the food, drink and tobacco industries increased by 10½ per cent in the second quarter of this year.

Quite apart from the effects of the fall in sterling, commodity prices have been rising in response to the general economic recovery in the industrial countries: the CBI warned last week of the possibility of another price "explosion" in commodities. It will be some months before the latest increase in input prices works its way through to the retail level. There is no reason to quarrel with the Govern-

Restrictive

ment's view that the year-on-year increase in the retail price index will be around 12-13 per cent by the end of 1976; this compares with 15.4 per cent in May, the last month for which the figure is available. But what happens after that is more debatable.

The Government's present thinking is that the rate of inflation will be down to single figures by the late spring or early summer of next year and that by end-1977 the rate may be around 7 per cent; this is on the assumption that there will be no further dramatic fall in sterling. An 18-month forecast is a hazardous exercise and there are conflicting views about how soon the quickening world recovery will put pressure on supplies not only of raw materials but also of industrial goods such as steel and chemicals, some of which were desperately short during the 1973 boom. Any over-heating of the world economy will rapidly affect price levels in the U.K.

What is clear is that if the Government is to give overriding priority to the battle against inflation, it must reinforce its success on the incomes policy front with appropriate fiscal and monetary policies. The planned reductions in public expenditure for 1977-78, which may be announced before the end of this month, represent a necessary step and one which, as the reaction of some trade union leaders shows, will test the persuasive powers of the Prime Minister and the Chancellor. But, important as this immediate cutting exercise is, the longer-term need for clearly stated guidelines for the growth of the money supply remains.

Politics should not intrude

NEITHER the Canadian Government nor the International Olympic Committee (IOC) have emerged particularly well from the confrontation over Taiwan. The Canadians looked as if they were putting considerations of politics and trade before the hosting of the Games, which of course they were. The IOC looked as if it gave way to blackmail, which of course it did.

Precedent

It is possible to argue that there were extenuating circumstances on both sides, but the basic conclusion that both sides behaved badly still stands. The Canadians say, for example, that they first raised the question of the form of Taiwan's participation last year, but that the IOC did nothing about it. They tried again in April and still the IOC did nothing. As the Games approached, it therefore became imperative for the Canadians to take the initiative—threatening cancellation rather than allowing Taiwan to be represented as the Republic of China. That is the Canadian version; it will be noted that it omits any explanation of why the Canadian authorities failed to keep prodding the IOC in the preceding months and of course, it is wholly political. It assumes that because Canada recognises Peking there can be no case for admitting Taiwan as the Republic of China, even though that is how Taiwan is known in the Olympic movement. Sport does not seem to have been much mentioned.

The IOC version, in so far as it can be pieced together, is that the Committee wanted to stand up for a principle and was aware of the danger of creating a precedent, but concluded in the end that it was better to give way on the grounds that the majority of people wanted the Games to go ahead. This judgement of the popular will was probably correct, but does not dispose of the argument about precedents. If the downgrading of Taiwan may at least

Spirit

be said to correspond to international realities, it is possible to imagine other, future cases where giving way to political pressure would be intolerable: for example, an attempt to exclude the Israelis. It is also clear that there was a failure of liaison between the IOC and the host country. If there had been better contacts between the two, it is possible that the dispute would have been settled much earlier or at least that it would have occurred early enough for the Games to have been transferred elsewhere, as Lord Killanin, the President of the IOC, said he would have recommended. This point too is relevant to the future. The host to the 1980 Games is the Soviet Union. It is on the whole unlikely that the Russians will seek to exclude particular countries; its attitude towards some Western media, however, is much less certain. It would be advisable to establish the ground rules early on rather than to find that the Russians can use their power as hosts to keep out some organisations at the last minute.

'Financial confidence has collapsed as industrial confidence revived' Anthony Harris reports

The paradox of dear, but plentiful, credit

THE WARNING from Lord Seebom that the present level of interest rates is already inhibiting industrial investment is a sharp reminder that there is no such thing as unalloyed good fortune. The unexpectedly sharp recovery in world markets, strongly reinforced so far as exporters are concerned by the decline of the pound, has stimulated a much livelier interest in investment. However, the weight of public sector demand for credit, and the effect of the public sector deficit on foreign opinion, have combined to drive the cost of funds beyond the reach of some potential industrial borrowers.

The symptoms suggest the crowding out of financial markets which has been so widely predicted in the City. But as Lord Seebom pointed out, there is something odd about a situation in which interest rates remain so high when the market is flush with funds. Moreover, most forecasters expect the company sector as a whole to swing into considerable financial surplus this year as profits revive ahead of investment, and to be a supplier rather than a user of funds.

The recently fashionable habit of thinking in terms of sector balances can be misleading, however. What is true of the company sector as a whole is not a generalisation about individual companies, but a sum of their very different individual demands, and the difference is never wider than at a time of rapid structural change. Export-led growth, of which we have little previous experience, is likely to be particularly capricious in its impact: companies leaning heavily on the home market may find themselves burdened with surplus capacity for a long time yet. Those better placed to exploit the rapid growth of such relatively new markets as the OPEC countries are nearly at full stretch. A general surplus of funds in industry is perfectly compatible with valuable investment opportunities going begging.

In a "normal" trade cycle interest rates would be low at this point, and no problem would exist. The authorities, which have tended to think in normal cyclical terms, have not therefore expected much of a problem either with interest rates or with the size of the borrowing requirement at this stage of the cycle. The game plan at the turn of the year called for large sales of Government debt on a rising market, as inflation rates and interest rates came down. Up to the beginning of March the plan appeared to be working very well, but then came a series of blows to confidence. Events in the exchange market, abetted by mismanagement, raised the spectre of a Latin American slide of sterling. A helpful wage agreement has

been accompanied by unhelpful but realistic warnings about the difficulties of a third round. Finally, the economic revival itself has made the Government's financial stance look dangerously expensive.

In short financial confidence has collapsed as fast as industrial confidence has revived, and it is this unfortunate contrast which has produced the paradox of dear but plentiful credit. The first stage of an answer is obvious, and has already been adopted in principle: a cut in public spending will engender confidence, reduce public sector demands on credit markets, and accommodate the unexpected growth of demand due partly to the slide of sterling. The difficulty is how to find cuts big enough to carry financial conviction without putting an impossible strain on the agreement with the unions. There is a great danger that the final decision will satisfy no one, leaving sterling persistently weak, the incomes agreement fragile, and industry much where it was before.

Some estimates now circulating—notably the figures leaked a week ago from the EEC Commission—suggest that the Government is partly to blame for the crisis of confidence because it overstated its likely borrowing requirement at the time of the Budget. Suggestions for technical measures range from two-tier currency markets to indexed bonds. The rival forecasts of the public sector deficit are not easy to judge. There are certainly some bullish factors: growth itself, leading to higher tax revenues; the rapid turnaround in the financial performance of some of the nationalised industries; and a strong suspicion, based on their steadily declining borrowing, that the local authorities are making a rather better fist of controlling their own spending than they have chosen to tell Whitehall. Published estimates based on arguments such as these show the borrowing requirement reduced from the official figure of £12bn. to £10.5bn. (Wood Mackenzie) or even £9.5bn. (EEC).

Enormous errors

Unfortunately the solid evidence is not nearly strong enough to support such estimates. It is not strong enough to refute them, either, but at least the case for greater caution deserves to be stated. First, there is the inherent difficulty of making any forecast of the borrowing requirement—a difficulty of which the Treasury, which has regularly made simply enormous forecasting errors, is only too keenly aware. The deficit is the difference between two very large flows: with revenue running at £32bn., and expenditure



Lord Seebom: are interest rates looking odd?

Mr. Denis Healey: a dangerous financial stance?

at £65bn., an estimating error as small as 1 per cent on each side can alter the borrowing requirement by nearly £1.2bn.

Most of the attention of the Treasury's recent critics has been concentrated on the revenue side: it is argued that the wage settlement will lead to bigger pay increases than were allowed for in the Budget, and that the disappointing progress against price inflation, due largely to the decline of the pound, will inflate revenue from indirect taxes. Finally, the more buoyant growth forecast now confirmed by the Treasury will improve matters further.

This is not a very impressive case. The Treasury estimates imply a rise of incomes by a little over 12 per cent, financial year on financial year: when it is remembered that there was a rush of settlements a year ago, just before the £6 limit was announced, it will be seen that this estimate is based mainly on the £6 settlements that have subsequently been made. It is only towards the end of the financial year that the new agreement will have much impact on income flows, one way or the other. If income has been under-estimated, it is much more likely to be because of the higher growth forecast, resulting in an increase in employment and hours worked, than because of a significant under-estimate of pay rates.

Almost exactly the same arguments apply to the estimates of VAT revenue. What seems to have been forgotten in some quarters is that VAT revenue is proportionate not to prices, but to expenditure: unless there is a strong reason to suppose that money incomes will be higher than forecast, or that there will be a collapse

of the savings rate, there is no reason to revise the VAT forecast, regardless of what happens to prices. Indeed, the impact of higher import and food prices on real incomes could leave less money available for VAT-able goods.

The acceleration of real growth, on the other hand, is a very different matter. It tends both to increase revenue and to reduce expenditure. A more buoyant economy will also help the Treasury to enforce existing or revised limits on public spending programmes not directly affected by rising activity, since the arguments for sheltering the potential victims of recession will be weaker.

The most that can be said with any confidence is that the acceleration of real growth makes it more likely that the Budget estimate of the borrowing requirement is too high rather than too low. There is at present a good case for guessing that it will turn out nearer to £11bn. than to the forecast £12bn., entirely as a result of faster real growth. If that is the figure which in fact emerges next April, it will mean that the Treasury estimates were unacceptably accurate. Allowing for normal errors, a figure anywhere in the range from £10bn. to rather more than £12bn. would be consistent with what is now known.

It may be asked why financial analysts should expend so much effort revising what are inherently unreliable forecasts. The reason is simply the inherent instability of the market in Government debt. When it is believed that both the funding requirement and the rate of inflation are under control, large sums of debt can be sold on a rising market. A loss of

confidence, at home or abroad, makes funding very difficult. If monetary growth, as a consequence, begins to get out of hand, the difficulty is compounded, since a rise in short-term rates only encourages investors to remain liquid—a financial Catch 22 which has led in the past to explosive increases of M3 at a time when the authorities were trying to impose a squeeze. The greater the attention paid to monetary policy, the harder it is to achieve monetary objectives. In these unstable circumstances, a difference of £1bn. or so at the margin of the funding requirement can be absolutely crucial as far as confidence is concerned.

Attempts to prove that the borrowing requirement will this year be smaller than forecast—in sharp contrast to earlier years—are one way to seek a basis for confidence: those who advocate technical solutions have the very different aim of making the process of funding less vulnerable to swings of confidence. These approaches deserve discussion: two-tier currency markets, designed to insulate domestic credit markets from foreign exchange crises; floating interest debt, which could be sold when interest rates were seen to be rising as well as when they are falling; and indexed bonds, designed to meet the uncertainty about future inflation rates rather than about future interest rates.

The main difficulty with two-tier markets is that they have a very limited capacity to absorb strain, but a very large administrative cost. As countries with such markets have discovered, leakages from

financial to commercial become unmanageable gap between the two rates becomes too great, 2,000 civil servants required to run quite a two-tier exchange market economy as small as 1. It is not clear that this is cost-effective.

Floating rate

No such costs are in the proposals for a form of debt instrument. It posits simply recognition that fixed-interest presents very grave problems when there is certainty about future conditions. C have long recognised a term finance is through the equity which has a basis in the and the medium-term floating-rate facilities. banks—or the roll-over term loans, which has effect.

The obstinate attach the authorities to fix the financing for the put is very hard to understand seems to be based on a distrust of the market it is felt that the available forms of financial forms of debt; and a setting foreign holders' investment bonds. One final suspicion officials in the Treasury Bank of England are of any developments would make it easier the borrowing re these unstable circumstances, a pressures on Mr reduce the deficit present, it can be at the need to protect a reduce interest rate raising taxes which suaded the Governm This is surely over- the Cabinet decision: electorate does not v for a higher social v higher tax rates al that the public dem sources must be re consumers, as well ment and the balanc ments, are to have economic growth.

Technical changes to cater for users produce stable market conditions would help the financial paradox: financial stagnation tends to make more when it is plentiful, effective funding, attractive investor foreign holders, like be reduced while cr cheaper; but the re ment of restored o clear commitment t restraint, and a shar absorb strain, but a very large in administrative cost. As — would remain countries with such markets They would simply i have discovered, leakages from achieve.

MEN AND MATTERS

Search for a communicator

Two years ago the Bank of England set in motion a study—undertaken by a working party headed by Sir Eric Faulkner, chairman of Lloyds Bank and William Clarke, director general of the Committee on Invisible Exports—on how the City should present itself. The study concluded that the disparate City interests could not be represented by a single spokesman: rather there should be a City Communications Organisation which would act more in the role of "traffic policeman"—directing inquiries to where they could best be answered.

Even so, someone had to head the organisation, and that has, apparently, posed ever increasing problems. The original two approached (one of whom was Ian Morrison, ex-Times banking correspondent and now with the Inter Bank Research Organisation) turned the job down flat for one reason or another. To fill the gap Bill Clarke himself (also an ex-Times man) got on with the job of organising a "Communications Centre" which, conveniently, will share services with, and be next door to, his invisible exports committee in the Stock Exchange Building.

The idea now is that Clarke should hand over executive responsibility to someone else. The Centre will be installed in its new home on August 1, even though no one has yet accepted the job.

The most likely candidate for the job at the moment, I gather, is Brian Sharpe, a name which will be familiar to those who stay up to listen to the BBC's Financial World Tonight programme where he is the senior producer. Clarke would not be

drawn on this point, but Sharpe admitted that he had been approached for the job.

That in itself is interesting, since on his own admission Sharpe is a broadcaster first and a financial/City man second. (Indeed Sally White, now the City Editor of the Evening News was previously brought on to the Financial World Tonight to bolster the City experience on the staff.)

Whoever finally gets the job it is intended that as executive director he will have an assistant plus a staff of four or five. The final choice will be important since the job definition is hazy, and under Clarke's overall direction, the actual job will be very much what the appointee makes of it.

Crazy days

Lager sales have been on the increase in this country for years, and in this recent hot spell have gone through the roof. But weather and changing tastes I suspect have a lot more to do with this than advertising campaigns which seem to get drier and drier. I am still baffled by the point of the beer for Heineken which fills it as the beer which refreshes the parts that other beers can not reach—I mean to say, who on earth wants a walking stick that suddenly starts sprouting branches and leaves anyway?

Unbelievably though, Kronenbourg seems to have gone further. One of the ads in its latest campaign claims, "It's given Europe more pleasure than the Folies Bergere, Bayern Munich, and Wagner put together." Anything, I would have thought, would give more pleasure than those three put together: it sounds like a nightmare episode of "It's a Knockout."



"Only fifty years behind now..."

Choice

I would be the first to agree that some U.K. laws end up being applied to purposes for which they were hardly intended, but Chile leaves us standing. The Automobile Club of Chile, which recently elected two directors, is being prosecuted by General Rolando Garay Cifuentes, officer commanding the Santiago zone. The charge is infringement of Military Decree 18 of September 14, 1973, which forbids any sort of elections in Chile.

Retail agent?

John Taylor, 31-year-old director of Tesco Estates, is leaving Tesco to join estate agents Leavers to head up their Scottish operation. Since Taylor has spearheaded Tesco's penetration into Scotland (in property terms) this is an apparently reasonable move.

Taylor himself, however, has wider ambitions. He has been in property for 15 years, joining Tesco from agents Healey and Baker in 1970. He has therefore seen the retail property business from both sides of the fence and hopes to marry up his company knowledge with his agents' experience.

These days the development of retail sites involves planning difficulties with local authorities, or the Department of Environment—or both. Taylor therefore sees an opening for a middleman who can see the problem from both sides, and produce a package deal which would be acceptable to both the retailers and the planners, but which they would find difficulty in reaching themselves. To give a simplistic example, an out of town site for a retailer could yield enough cash for a money-hungry local authority to build a much needed multi-storey car park, but it is doubtful whether direct negotiations could provide such a mutually acceptable solution.)

Therefore, although Taylor will be Scotland-based, he will be looking all over the country for such opportunities.

Frosty Smith

Smith will not lie down and die. After the various Rolls-Royce anecdotes I thought that the Comcorde and the dance of the four veils would be the end of the matter. However, a reader brings me back to the Rolls-Royce angle with a (genuinely) true story. He noticed that a parked Rolls was dripping fluid, went up to the chauffeur and pointed this out. "Thank you, sir," said the chauffeur, "but I do realise that I'm defrosting the fridge."

Observer

Legrand

The Annual General Meeting of LEGRAND was June 21, 1976 under the Chairmanship of J Verspijeren, and approved the accounts for the 1975 year.

The turnover of the Group amounted to Frs. 678.5 an increase of 23%, principally due to results achieved by the new subsidiaries Martin & Lunel, Inovac and The turnover of LEGRAND S.A. amounted to F million, an increase of 10.8%, taking into account marketing of Inovac products.

Investments for the financial year were lower than but remained high, amounting to Frs. 55.4 million, represented nearly 10% of the turnover.

Gross profits before financial charges, depreciation amounted to Frs. 101.9 million, a decrease The net profit amounted to Frs. 16.3 million, a decrease of 14.7% as compared with the net results of 1974.

Cash-flow, including various reserves, amounted to million, a decrease of 9% as compared to the year.

In his speech the Chairman, after having emphasised in 1976 LEGRAND would produce a turnover of 1 amount attained in 1973, went on to say that beginning of the year, activities remained big turnover for the Group increased by 30%. With staggered strike in April it would have increased. The factories are presently working at full capacity the delay and to satisfy an increasing demand. For a 20% increase in sales as well as results exceeded if the pace is maintained at the same rate for the first five months of the year.

On account of these favourable developments, the was increased from Frs. 18.00 to Frs. 20.00, representing overall dividend of Frs. 30.00 per share.

It should be recalled that at its Meeting on April the Board decided to increase the capital from Frs. 4 to Frs. 51,546,000 through incorporation of issue premiums and through the creation of 46,860 new shares distributed to shareholders at a ratio of shares for ten old shares. The distribution of 11 shares will take place as from July 5, 1976, against No. 8 at the same time as payment of the dividend to the 1975 financial year.

Lower gold profits in the June quarter

**JONES LANG
WOOTTON**
Chartered Surveyors
International Real Estate Consultants
103 Mount Street, London W1Y 6AS

Over the two years have enabled the group to make progress with further stages of re-equipping the brewery in addition to their other capital programme.

Increases in the value of stocks and debtors at the end of March exceeded the increase in creditors by £256,000 which was and was attributed to a heavy drain on bank borrowings have only created by £89,000 in a year of high inflation.

The sales drive produced excellent results and the number of trade customers has risen substantially resulting in a 50 per cent. increase in beer trade.

For further details

5,000 sq. ft. York House.

s contact JLW Pro

6,000 sq. ft. 103 Mount Street, London W1Y 6AS

provincial office agency department on 01-493 6040

Giltspur down £0.66m. but now improving

GROUP TURNOVER for the year to March 31, 1976, of Giltspur rose from £46.1m. to £52.33m., but after exceptional losses in Germany subsidiaries of £9.4m., pre-tax profits fell from £1.9m. to £1.29m. At mid-way profits were £1.08m. against £1.31m.

Full-year earnings are shown to be down from 5.3p to 3.4p per 10p share but as promised the final dividend is 1.3p net lifting the total from 2.2p to 2.4p.

| | 1975-76 | 1976-77 |
|-----------------------|-------------|-------------|
| Group turnover | £46,100,000 | £52,330,000 |
| Operating profit | £1,900,000 | £1,290,000 |
| Div. from former ass. | £8,517 | £7,116 |
| Interest | £2,625 | £1,145 |
| Exceptional item | £88,479 | £1,952,686 |
| Profit before tax | £2,400,000 | £1,080,000 |
| Tax | £89,275 | £1,018,465 |
| Minorities | £436 | £1,328 |
| Attributable | £1,510,225 | £25,329 |
| Extraordinary | £19,238 | £16,231 |
| Add. int. dividend | £2,625 | £2,625 |
| Interim | £1,510,225 | £14,276 |
| Final proposed | £27,215 | £24,222 |
| Retained | £38,710 | £34,100 |
| Debits | | |

Giltspur Builens Freight contributed £16.5m. (£15.2m.) to turnover and £1.03m. (£1.2m.) to operating profit. Giltspur Motor Industries £20.45m. (£17.7m.) and £1.7m. (£0.8m.). The service and property companies added £80,000 (£140,000) to profits.

The chairman, Mr. Maxwell Joseph, tells members that improvement in trading conditions anticipated in the interim report has been reflected in the results of some operating companies in the early months of 1977, but that return came too late to make any real impact on profitability in the year to March 31.

On the provision for exceptional losses incurred by the German

subsidiaries he says that in the last two years the group has established by acquisition and subsequent development a major interest in the German exhibition hire market. It has taken rather longer than anticipated to bring the administration of these companies into line with required group standards.

Progressively tighter control procedures over recent months have disclosed the degree by which the local accounting systems had broken down, and it has been necessary to make the substantial provisions.

The group's holding in the merchant bank Fraser Ansbacher represented some years ago 46 per cent. of that company's equity. Increases in its issued capital over recent years have however reduced this percentage, and at March 1976 the Giltspur holding was a little short of 18 per cent. Further shares in the bank are held by Mr. Joseph personally and by Grand Metropolitan, of which he is chairman. At March 31 these three holdings together represented some 31 per cent.

In April this year the American-based Lissauer Group took a stake in Fraser Ansbacher by an injection of new equity and loan capital. Lissauer currently has an equity interest of 25 per cent. and the Giltspur holding is reduced to 14 per cent.

It has been agreed with Joseph, tells members that improvement in trading conditions anticipated in the interim report has been reflected in the results of some operating companies in the early months of 1977, but that return came too late to make any real impact on profitability in the year to March 31.

On the provision for exceptional losses incurred by the German

BIDS AND DEALS

U.S. backing for London Scottish Finance

BY MARGARET REID

A 20 PER CENT. share stake is to be taken in London Scottish Finance Corporation, the Manchester-based financial concern which makes personal loans, by FTMS, a subsidiary of the U.S. group ISC Financial Corporation.

Backing by the American-controlled company will be a considerable reinforcement to London Scottish, whose business was somewhat reduced during the secondary banking upheaval of the past two years, though it did not have recourse to the big banks' "lifeline".

FTMS is putting £230,000 into London Scottish by subscribing for 1,022,000 new shares at 22.4p each. This is above the market price as it stood before yesterday's announcement, after which the quotation closed 41p higher at 21.1p.

London Scottish, the former Refuge Securities, conducts a personal business to some 40,000 borrowers, mostly for relatively small amounts of a few hundreds of pounds. A feature is that some 90 per cent. of borrowers take out credit insurance against non-payment of their loans through death or sickness. This business is largely placed through FTMS.

London Scottish, which collects most of the sums due to it through doorstep calls on borrowers at week-ends, also runs a debt collection service for other consumer credit companies, credit card companies and retailers.

Mr. Jack Livingston, managing director of London Scottish, said yesterday of the deal: "We built up a personal association with the Americans through the credit insurance. The upshot of talks was that they offered to subscribe 20 per cent. of our enlarged capital; they believe it is the right time to move into the British market."

"We relished it too. Obviously after the last two years, any sense of confidence from an outside investor was welcome. Consumer credit business is beginning to pick up a bit and the money will be useful."

At present, 60 per cent. of London Scottish's shares is controlled by the directors and the families. This proportion will fall to a little under 50 per cent. when the new shares are issued to FTMS. Just over 12 per cent. of the existing shares are held by Samuel Montagu, the merchant banking arm of the Midland Bank which has advised on the present transaction.

Samuel Montagu heads a syndicate of some 12 banks which provides finance of around £2.5m. to London Scottish. This is a substantial proportion of the group's "bank loans and acceptances", shown in the last balance sheet at £4.6m.

Mr. Livingston added that the

new American partners had offered to use their best endeavours to find additional lines of credit, now that business for London Scottish was expected to burgeon again in the next two years.

ISC, FTMS's U.S. parent, has assets of more than \$300m. (£280m.). It runs a business in small personal loans and insurance; Mr. Livingston also remarked: "their knowledge could be useful to us."

On completion of the deal, Mr. Paul Hamilton, president and chief executive officer of ISC, and Robert Barton, executive vice-president of ISC, will join the London Scottish Board. London Scottish chairman, Mr. Ralph Landman, will become a director of FTMS. Mr. Landman at one time ran the Financials group, before it was sold to First National Finance Corporation, of which he was a director for a time before joining the Board of the then Refuge Securities in 1972.

while 121 per cent. unsecured loan stock 1975/76, 281,350 new ordinary 25p shares, and 231,250 cash. Taking the loan stock to par and valuing the new shares at 85p (closing middle market price on July 9), the aggregate consideration amounts to some £311,000.

MCCORQUODALE EXPANSION IN FRANCE

The McCorquodale group's French subsidiary Panchroma, of Lagny, near Paris has acquired a major interest in Typolac of Besse-sur-Braye.

Mr. G. T. Dees, managing director of McCorquodale colour display said that the acquisition was in line with the group's policy of expanding in areas where it had proven expertise and where a considerable long-term growth potential.

Typolac, a private company, manufactures colour cards for the paint industry.

J. M. NEWTON

The shares of John M. Newton, builders and glass merchants, bounded 6p higher to 60p yesterday amid rumours that the suitors was a large public company.

Newton has had an unbroken profit growth record since 1968 and the present price of 60p places a value of £2.1m. on the company.

In May, George Wimpey made an agreed £2m. bid for W. W. Hall, a distributor of heavy types of building materials.

Wimpey announced yesterday that its offer had now become unconditional in all respects and would remain open until further notice. Acceptances have been received in respect of 62.5 per cent. of the Hall equity.

Welfare extends K & H offer

Welfare Insurance Co. announces that the offer of 80p for each Ordinary share and Henderson not already have been extended to 3.00 July 21.

Welfare held 2,145,000 shares in K & H on the date prior to the announcement that an approach had been received in respect of 19.39 shares. Welfare acquired or agreed to acquire shares in K & H since 1976.

PROPERTY GROUP BUYING 55% OF ABERCORN & CO.

Castlemere Property privately-owned, Na based property company entered into an agreement to acquire 1,085m. shares in Abercorn & Co. General. Investors per cent. of the equal price of 77p a share. The deal being effected under the City Takeovers and Mergers to acquire the remainder capital at the same price of 77p a share. The agreement to acquire 55 per cent. holding is conditional on the assurance of the acquisition of Castlemere. It is that the quotation of which is a property and development company be maintained.

SUNLIGHT SE - VANTONA

A letter has been sent holders of Sunlight regarding the group's announcement proposal to acquire the service Vantona Group.

Consideration for the £1,774,000 in cash, plus after one year, will be granted a facility of £2m. to finance the of Modelux, repayable amounts in the cash 1977 to 1983 with a pre payment in 1978. The loan will be fixed. Midland Bank has agreed an overdraft of Sunlight for current purposes which will maintain existing facilities.

The Board of Sunlight shareholders to vote on the proposal which will allow the acquisition of directors, representing the shareholders, at to vote in favour.

CLARKE CHAI

Clarke Chapman h. the business formerly by Weldcontrol (Dev field of design, development of mech automated welding system).

SHARE STAK

Pallo NV has additional £1,000 A Metal Ordinary share holding is 3,343,610 per cent.).

Cornercroft warns of profit fall

MR. A. W. HARTWELL, chairman of Cornercroft, the mechanical and aeronautical engineering group, warns holders in his interim statement that the profit for the current year may well fall short of the £280,263 achieved in 1974-75.

In the first six months ended March 31, 1976 external sales were marginally lower at £1.82m. compared with £1.98m. and profits showed a reduction from £103,000 to £83,000. Earnings per 20p share are up from 197p to 2.07p reflecting a lower tax charge.

For seasonal reasons the group's profits for the second six months are expected to exceed those of the first, but trading conditions continue to be difficult, says the chairman.

The net interim dividend is unchanged at 0.73p net—2.8p total for the year 1974-75 was 2.8p.

comment

Giltspur's hopes at half-time for improved profits were foiled right at the end of the year, particularly as the extent of the German company's problems became apparent. But even without the German subsidiaries, pre-tax profits would still have been down 13 per cent. as a result of depression throughout the group's divisions. Giltspur's difficulties last year also seem to have been exaggerated by start-up costs affecting freight and packaging. However, the current year is to be one of consolidation and while the German concern is expected to break even, in view of these changes it is

All these securities having been sold, this announcement appears as a matter of record only.

\$36,000,000

K mart (Australia) Finance Limited

9% Debentures

S. S. Kresge Company

and

G. J. Coles & Coy Limited

have unconditionally and jointly and severally guaranteed lease payments and other funds sufficient to provide for payment of principal, premium, if any, and interest on the Debentures.

Goldman Sachs International Corp.

Union Bank of Switzerland (Securities)

| | | |
|---|---|--|
| Algemene Bank Nederland N.V. | Amsterdam-Rotterdam Bank N.V. | Andresens Bank A/S |
| Bache Halsey Stuart Inc. | Julius Baer International | Banca Commerciale Italiana |
| Banca Nazionale del Lavoro | Banca della Svizzera Italiana | Banco di Roma |
| Bank of America International | Bank Cantrade Ltd. | Bank Gutzwiller, Kurz, Bungenier (Overseas) |
| Bank Len International Ltd. | Bank Mees & Hope N.V. | Banque Arabe et Internationale d'Investissement (B.A.I.I.) |
| Banque Bruxelles Lambert S.A. | Banque Française du Commerce Extérieur | Banque Générale du Luxembourg S.A. |
| Banque de l'Indochine et de Suez | Banque Internationale à Luxembourg S.A. | Banque Lambert-Luxembourg S.A. |
| Banque Nationale de Paris | Banque de Neufize, Schlumberger, Mallet | Banque de Paris et des Pays-Bas |
| Banque Populaire Suisse S.A. Luxembourg | Banque Rothschild | Banque de l'Union Européenne |
| Baring Brothers & Co., Limited | Bayerische Hypotheken-und Wechsel-Bank | Bayerische Vereinsbank |
| Berliner Handels- und Frankfurter Bank | Caisse des Dépôts et Consignations | Cazenove & Co. |
| Citicorp International Bank | Commerzbank | Compagnia Finanziaria Interbancaria S.p.A. |
| Continental Illinois | Crédit Commercial de France | Crédit Industriel d'Alsace et de Lorraine S.A. |
| Crédit Industriel et Commercial | Crédit Lyonnais | Crédit Suisse White Weld |
| Daiwa Europe N.V. | Richard Daus & Co. Bankiers | The Deltec Banking Corporation |
| Deutsche Bank | Deutsche Girozentrale | Dewaay & Associés International S.C.S. |
| Dillon, Read Overseas Corporation | Dominion Securities Corporation | Harris & Partners |
| Finacor | Finter Bank | First Boston (Europe) |
| Girozentrale und Bank der Österreichischen Sparkassen | Greenshields | Groupement des Banquiers Privés Genevois |
| Hambros Bank | Hessische Landesbank Girozentrale | Hill Samuel & Co. |
| IBJ International | Istituto Bancario San Paolo di Torino | Kidder, Peabody International |
| Kleinwort, Benson | Kuhn, Loeb & Co. International | Kuwait International Finance Company S.A.K. "KIFCO" |
| Kuwait International Investment Co. s.a.k. | Kuwait Investment Company (S.A.K.) | Lazard Brothers & Co. |
| Lazard Frères et Cie | Lazard Frères & Co. | Lehman Brothers |
| Manufacturers Hanover | Merrill Lynch International & Co. | Samuel Montagu & Co. |
| Morgan Stanley International | Nederlandse Credietbank N.V. | The Nikko Securities Co., (Europe) Ltd. |
| Nomura Europe N.V. | Sal. Oppenheim jr. & Cie | Orion Bank |
| PKbanken | Rothschild Bank A.G. | N. M. Rothschild & Sons |
| Sanwa Bank (Underwriters) | Scandinavian Bank | J. Henry Schroder Wagg & Co. |
| Skandinaviska Enskilda Banken | Smith Barney, Harris Upham & Co. | Société Bancaire Barclays (Overseas) Ltd. |
| Société Générale | Société Générale de Banque S.A. | Société Séquanaise de Banque |
| Sumitomo White Weld | Svenska Handelsbanken | Swiss Bank Corporation (Overseas) |
| UBS-DB Corporation | Vereins- und Westbank | J. Vontobel & Co. |
| Westdeutsche Landesbank | Wood Gundy | Yamaichi International (Europe) Ltd. |

July 13, 1976

London & Scottish Marine Oil Company Limited

The Annual General Meetings of LSMO and SCOT were held on the 8th July 1976 at the Great Eastern Hotel, London, at which the Companies' 1975 Accounts were adopted.

Salient points from Statements to Shareholders by the Chairman of the two companies—Mr. G.F.B. Grant:

Development of Ninian Field

The development of the Ninian Field. In which the two Companies hold a 9% interest, is proceeding to plan. Despite various difficulties, it is not expected that time lost so far will jeopardise the production schedule under which the two platforms are planned to be placed in position in the summer of 1977, and oil deliveries to commence early in 1978.

The flooding of the dry dock at Loch Kishorn, where the central concrete platform is under construction, is planned to commence on 21st July 1978. This is preparatory to the float-out to deeper waters.

The pipeline to Sullom Voe, and that connecting the two platforms, has been laid in record time, though it will still be some months before line burying is completed. The final cost of the pipeline is expected to be below original estimates.

Construction Costs

Despite the fall in the value of sterling, there is no indication that the Companies' share of construction costs will exceed the estimates quoted in the Prospectus.

Oil Discoveries

During 1975 the Companies participated in two wells in Block 3/8 (outside the confines of the Ninian Field) where they hold a 30% interest. Both were further oil discoveries. In addition oil was discovered in Block 23/27 early this year

where SCOT has a 45% interest. The commercial significance of these finds has not yet been established and further drilling will be required.

Additional finance for this drilling may be required and this may involve a Rights Issue for SCOT.

LSMO/SCOT Merger

Work is in hand to establish whether sufficient information is available to arrive at an equitable basis for the merger of the two Companies. As was announced last September this would be the logical first step towards obtaining a Stock Exchange listing for the Ordinary Shares, and the Companies are still hopeful that it will be possible to recommend terms for the merger of interests for consideration by the Shareholders without waiting for the outcome of further appraisal wells.

Sale of Surplus Pipeline Capacity

BP, on behalf of the Ninian Pipeline Group, are in the process of finalising an Agreement with Union Oil, representing the Heather Group, to acquire an interest in the Ninian Pipeline and Terminal.

New Licences

The Companies intend to make application for new Licences, in conjunction with Ranger Oil (UK) Limited, should Blocks they consider attractive be included in the Fifth Round.

Copies of the 1975 Report and Accounts may be obtained from the Companies' London Office, 9 Henrietta Place, London W1M 9AG; or from the Companies' Secretaries, Messrs. James Finlay & Co. Limited, Hallen House, 87/87 Bath Street, Glasgow G2 2EZ.

The Financial Times Tuesday July 13 1976

FINANCE

Mills Food Group—U.K.

Mr. J. R. K. Beckett, Lloyd's underwriter, has been elected chairman of the SALVAGE ASSOCIATION, and Mr. N. M. Hudson, He joined the company in 1946.

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International share issue by Japan clothing concern

RENOWN, the large Japanese clothing company which is seeking a London quotation for its shares, has announced arrangements to issue 8m. new 100 shares by means of a public offering in international markets.

Such an arrangement would be in line with indications that the London Exchange authorities may be willing to relax some of its previous accounting requirements for overseas companies seeking London quotes. At present only three Japanese shares are listed in London.

Renown's consolidated sales amounted to ¥131,107m. (\$430m.) in the year ended December 31, 1975, and net income was ¥2,025m. (\$65m.).

HOME CONTRACTS

Bailey Meters' £4m. power work

BAILEY METERS AND CONTROLS, Croydon (Babcock and Wilcox group), has been awarded three contracts totalling £4m. for the supply, installation and commissioning of equipment at the CEGB's Littlebrook D power station. They include control equipment, transmitters, control room desks and panels.

MEL EQUIPMENT COMPANY, Crawley, Sussex, has received a contract worth more than £1m. from the Ministry of Defence (Procurement Executive) for the supply of ARI 3835 radar systems, including spares and support equipment. The radars are to be fitted to the Westland Sea King HAR 3 search and rescue helicopters on order for the Royal Air Force.

Boats to Egypt

THE NORFOLK boat building concern, Dawncraft in Wroxham has won its biggest-ever order worth £1m. to supply 60 patrol vessels and launches for the police and port authorities in Egypt.



General Mining Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1976

All companies mentioned are incorporated in the Republic of South Africa

BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—11,000,000 shares of R1 each.

| Operating results | Quarter ended 30 June 1976 | 31 March 1976 | 12 months to 30 June 1976 |
|--|----------------------------|---------------|---------------------------|
| Gold | | | |
| Ore milled (t) | 755,000 | 752,000 | 3,064,000 |
| Ore milled by Buffelsfontein (t) | 27,000 | 43,000 | 118,000 |
| Ore milled—Total (t) | 782,000 | 795,000 | 3,172,000 |
| Gold produced (kg) | 6,948-518 | 7,089-784 | 28,482-239 |
| Gold produced by Buffelsfontein (kg) | 248-820 | 406-758 | 1,051-641 |
| Gold produced—Total (kg) | 7,197-338 | 7,496-542 | 29,533-880 |
| Yield (g/t) | 8-90 | 9-42 | 9-33 |
| Yield by Buffelsfontein (g/t) | 9-22 | 9-44 | 9-81 |
| Yield—Total (g/t) | 8-20 | 9-42 | 9-31 |
| Revenue per ton milled (R) | 31-69 | 32-47 | 33-04 |
| Cost per ton milled (R) | 22-82 | 21-23 | 21-48 |
| Profit per ton milled (R) | 8-87 | 11-24 | 11-56 |
| Uranium | | | |
| Pulp treated (t) | 770,000 | 738,000 | 3,063,000 |
| Oxide produced (kg) | 133,150 | 144,650 | 558,200 |
| Yield per ton (kg/t) | 0-173 | 0-195 | 0-183 |
| Financial (R'000) | | | |
| Working revenue (gold) | 24,783 | 25,814 | 104,818 |
| Working costs (gold) | 17,920 | 18,839 | 68,087 |
| Working profit (gold) | 6,863 | 6,975 | 36,731 |
| Profit on sale of pyrite | 208 | 56 | 458 |
| Profit on sale of acid | 24 | 25 | 87 |
| Profit at mine | 8,394 | 10,854 | 42,213 |
| Net additional revenue | 408 | 347 | 1,185 |
| Less interest | 3 | 2 | 12 |
| Profit before taxation and State's share of profit | 8,799 | 11,199 | 43,386 |
| Taxation and State's share of profit | 4,633 | 5,790 | 21,174 |
| Profit after taxation and State's share of profit | 4,166 | 5,409 | 22,212 |
| Capital expenditure: | | | |
| Gold | 2,162 | 1,412 | 6,668 |
| Uranium and acid | 256 | 18 | 288 |
| Trade investments | Cr.10 | Cr.27 | Cr.37 |
| Dividends declared: | 5,900 | — | 13,750 |
| cents per share | 50 | — | 125 |
| Loan repayments | — | — | 48 |
| Loan balance outstanding | 30 | 30 | 30 |
| Development: | | | |
| Advanced (m) | 14,465 | 15,080 | 60,157 |
| Sampling results: | | | |
| Sampled (m) | 1,107 | 1,404 | 5,100 |
| Channel width (cm) | 112 | 115 | 112 |
| Average value: | | | |
| Gold (cm/g/t) | 1,647 | 2,059 | 1,968 |
| Uranium (cm/g/t) | 54-85 | 62-99 | 59-80 |
| Payable: | | | |
| Metres (m) | 654 | 1,104 | 3,639 |
| Percentage | 59-1 | 78-6 | 71-4 |
| Channel width (cm) | 106 | 108 | 108 |
| Value: gold (g/t) | 20-82 | 22-17 | 22-41 |
| (cm/g/t) | 2,209 | 2,395 | 2,427 |
| Value: uranium (kg/t) | 0-641 | 0-654 | 0-628 |
| (cm/g/t) | 67-99 | 68-57 | 67-84 |

Development Summary for the three months ended 30 June 1976

| Area | Payable metres | Per centage payable | Channel width cm | Gold g/t | Uranium kg/t |
|----------------|----------------|---------------------|------------------|----------|--------------|
| Pioneer Shaft | 185 | 57-0 | 104 | 19-80 | 2,052 |
| Eastern Shaft | 38 | 40-6 | 50 | 30-38 | 1,508 |
| (incl. Lease) | 335 | 50-6 | 113 | 20-91 | 2,372 |
| Southern Shaft | 94 | 33-3 | 108 | 20-95 | 2,227 |
| Orange Shaft | — | — | — | — | 0-434 |
| Totals | 654 | 58-1 | 108 | 20-82 | 2,208 |

ORE RESERVES at 30th June 1976

| Tons | Payable | Uranium |
|-----------|-----------|-----------|
| 5,278,000 | 1,750,000 | 2,025,000 |
| 154 | 148 | 153 |
| 19-10 | 18-22 | 13-88 |
| 2,830 | 2,387 | 2,177 |
| 0-372 | 0-369 | 0-373 |
| 88-23 | 85-03 | 88-89 |

Pay limit related to a gold price of R3,534/kg (\$130/oz.)

REMARKS

Production (Gold)
The lower production for the quarter was due to some extent to the inter-tribal disturbances in the Southern Hostal during May. The mill throughput was supplemented by drawing a total of 34,000 tons from the Eastern Shaft stockpile. The total of 782,000 tons milled for the quarter included 27,000 tons milled at Buffelsfontein.

Production (Uranium)
The yield per ton was adversely affected by the lower production derived from the Southern Shaft Area where the grade is higher than the rest of the mine.

Working Costs
Working Costs were affected by the annual increases to both White and Black employees as from 1 June 1976.

Capital Expenditure
The main items of capital expenditure were initial payments on hosts for the proposed Sinterburg Shaft, and access development headings into the Eastern Area; underground refrigeration.

There are commitments for capital expenditure totalling R213,819.

On behalf of the board,
W. B. COETZER, Director

STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—13,062,920 shares of 50 cents each.

| Operating results | Quarter ended 30 June 1976 | 31 March 1976 | 6 months to 30 June 1976 |
|--|----------------------------|---------------|--------------------------|
| Stilfontein Ore milled (t) | 473,000 | 433,000 | 906,000 |
| Gold produced—Stilfontein ore (kg) | 4,101-064 | 3,627-885 | 7,728-949 |
| Yield—Stilfontein ore (g/t) | 8-67 | 8-38 | 8-53 |
| Revenue per ton milled (R) | 29-45 | 29-87 | 29-65 |
| Cost per ton milled (R) | 27-48 | 28-02 | 27-74 |
| Profit per ton milled (R) | 1-97 | 1-85 | 1-91 |
| Financial (R'000) | | | |
| Working revenue (gold) | 13,932 | 12,932 | 28,854 |
| Working costs (gold) | 13,000 | 12,133 | 25,133 |
| Working profit (gold) | 932 | 799 | 1,721 |
| State aid | 479 | 596 | 1,075 |
| Profit on sale of acid | 20 | 13 | 33 |
| Profit at mine | 1,431 | 1,408 | 2,839 |
| Net additional revenue | 120 | 122 | 242 |
| Less interest | 39 | 39 | 78 |
| Profit before taxation and State's share of profit | 1,512 | 1,491 | 3,003 |
| Taxation and State's share of profit | 33 | 49 | 82 |
| Profit after taxation and State's share of profit | 1,479 | 1,442 | 2,921 |
| Capital expenditure: | | | |
| Ordinary: Amount | 519 | 677 | 1,196 |
| Cents per share | Cr.10 | Cr.27 | Cr.37 |
| Deferred: Amount | 1,437 | — | 1,437 |
| Rand per share | 11 | — | 11 |
| Loan repayments | 108 | — | 108 |
| Loan balance outstanding | 1,324 | 1,432 | 1,324 |
| Development: | | | |
| Advanced (m) | 4,808 | 5,206 | 10,014 |
| Sampling results: | | | |
| Sampled (m) | 1,107 | 996 | 2,103 |
| Channel width (cm) | 17 | 16 | 17 |
| Average value: | | | |
| Gold (cm/g/t) | 1,180 | 1,321 | 1,238 |
| Payable: | | | |
| Metres (m) | 621 | 654 | 1,275 |
| Percentage | 56-1 | 65-7 | 60-9 |
| Channel width (cm) | 16 | 16 | 16 |
| Value: gold (g/t) | 108-5 | 113-5 | 111-5 |
| (cm/g/t) | 1,719 | 1,804 | 1,763 |

Development Summary for the three months ended 30 June 1976

| Area | Payable metres | Per centage payable | Channel width cm | g/t | cm/g/t |
|--------------|----------------|---------------------|------------------|-------|--------|
| Scott Shaft | 243 | 60-9 | 16 | 125-7 | 2,029 |
| E.S.V. Shaft | 378 | 65-3 | 15 | 99-3 | 1,620 |
| Totals | 621 | 58-1 | 15 | 108-5 | 1,719 |

REMARKS

Production
The tonnage throughput for the quarter increased by 40,000 following the recovery in production after the fire which caused delays in underground operations. The recovery of gold was 473 kilograms higher as a result of the higher milling rate and an improvement in recovery grade.

Working Costs
Unit working costs improved by 54 cents per ton milled due to the higher milling rate.

Capital
The main items in capital expenditure were in respect of underground refrigeration R168,000; underground development in the Kromdraai area R171,000; additional surface ventilation fans R140,000 and underground equipment R33,000. There are commitments for capital expenditure totalling R315,416. The estimated total capital expenditure for the remainder of the financial year is R1,704,000.

On behalf of the board,
J. C. FRITZ, Director

WEST RAND CONSOLIDATED MINES LIMITED

Issued Capital—4,250,000 shares of R1 each.

| Operating results | Quarter ended 30 June 1976 | 31 March 1976 | 6 months to 30 June 1976 |
|---------------------------------|----------------------------|---------------|--------------------------|
| Gold Section | | | |
| Ore milled ex—underground (t) | 282,226 | 280,011 | 562,237 |
| Ore milled ex—surface dumps (t) | 38,342 | 61,885 | 98,227 |
| Total ore milled (t) | 282,568 | 351,896 | 650,464 |
| Gold produced (kg) | 398,284 | 1,247,448 | 2,245,732 |
| Yield (g/t) | 3-34 | 3-54 | 3-45 |
| Uranium Section | | | |
| Ore to Stockpile (t) | — | — | — |
| Gold | | | |
| Ore milled ex—underground (t) | 180,932 | 98,804 | 280,536 |
| Ore milled ex—stockpile (t) | — | — | — |
| Total ore milled (t) | 180,932 | 98,804 | 280,536 |
| Gold produced (kg) | 224,716 | 184,891 | 409,707 |
| Yield (g/t) | 1-40 | 1-86 | 1-57 |

Uranium

| Tons treated (t) | 161,570 | 90,300 | 251,870 |
|-----------------------|---------|--------|---------|
| Uranium produced (kg) | 32,959 | 15,080 | 48,039 |
| Yield (kg/t) | 0-204 | 0-167 | 0-191 |

Financial (R'000)

| | | | |
|-----------------------------|-------|-------|--------|
| Working revenue (gold) | 4,398 | 5,175 | 9,571 |
| Net revenue (uranium) | 2,336 | Dr.70 | 2,286 |
| Net revenue (acid & pyrite) | 55 | Dr.5 | 50 |
| Total revenue | 6,787 | 5,100 | 11,887 |

Working costs

| | | | |
|------------------------------|-------|-------|--------|
| Underground operations | 7,451 | 6,592 | 14,043 |
| Per ton milled (R/ton) | 17-61 | 16-84 | 17-28 |
| Surface | 183 | 316 | 509 |
| Per ton milled (R/ton) | 5-31 | 5-24 | 5-18 |
| Total working costs | 7,634 | 6,908 | 14,552 |
| Total per ton milled (R/ton) | 18-64 | 15-30 | 15-97 |

Working loss

| | | | |
|------------------------|-------|-------|-------|
| State aid | 857 | 1,808 | 2,665 |
| State aid | 1,186 | 1,442 | 2,628 |
| Net additional revenue | 83 | 77 | 180 |

Profit/(loss) before taxation

| | | | |
|------------------------------|-----|-------|-----|
| Taxation | 412 | (289) | 123 |
| Cr.53 | 30 | 23 | |
| Profit/(loss) after taxation | 465 | (319) | 146 |

*Excludes uranium treatment costs:

| | | | |
|---------------------|------|----|------|
| Capital expenditure | 66 | 87 | 153 |
| Dividends declared: | | | |
| Ordinary: Amount | 212 | — | 212 |
| Cents per share | 5 | — | 5 |
| Deferred: Amount | 71 | — | 71 |
| Rand per share | 2-83 | — | 2-83 |

Development

| | | | |
|--------------------|-------|-------|-------|
| Advanced (m) | 2,372 | 2,552 | 4,924 |
| Gold Section | | | |
| Advanced (m) | 1,728 | 2,042 | 3,770 |
| Sampling results: | | | |
| Sampled (m) | 453 | 555 | 1,008 |
| Channel width (cm) | 80 | 84 | 82 |
| Average value: | | | |
| Gold (cm/g/t) | 938 | 944 | 941 |

Payable:

| | | | |
|--------------------|-------|-------|-------|
| Metres (m) | 116 | 146 | 262 |
| Percentage | 25-6 | 26-2 | 25-9 |
| Channel width (cm) | 83 | 97 | 91 |
| Value: gold (g/t) | 23-66 | 23-01 | 23-34 |
| (cm/g/t) | 1,875 | 2,234 | 2,149 |

Uranium Section

| | | | |
|--------------------|-----|-----|-------|
| Advanced (m) | 844 | 509 | 1,153 |
| Sampling results: | | | |
| Sampled (m) | 159 | 168 | 327 |
| Channel width (cm) | 63 | 79 | 71 |

Average value:

| | | | |
|-------------------|-------|-------|-------|
| Uranium (cm/kg/t) | 35-07 | 20-38 | 27-51 |
| Gold (cm/g/t) | 600 | 287 | 433 |

Payable:

| | | | |
|-----------------------|-------|-------|-------|
| Metres (m) | 30 | 21 | 51 |
| Percentage | 18-9 | 12-5 | 15-6 |
| Channel width (cm) | 50 | 37 | 45 |
| Value: uranium (kg/t) | 0-893 | 0-554 | 0-776 |
| (cm/g/t) | 44-56 | 20-50 | 34-65 |
| gold (g/t) | 36-37 | 26-30 | 32-89 |
| (cm/g/t) | 1,815 | 973 | 1,458 |

Development Summary for the three months ended 30 June 1976

| Area | Payable metres | Per centage payable | Channel width cm | g/t | cm/g/t |
|----------------|----------------|---------------------|------------------|-------|--------|
| Reef | 116 | 31-2 | 83 | 23-66 | 1,376 |
| Kimberley Reef | — | — | — | — | — |
| Totals | 116 | 25-5 | 83 | 23-66 | 1,376 |

URANIUM SECTION

| Area | Payable metres | Per centage payable | Channel width cm | g/t | cm/g/t |
|------------|----------------|---------------------|------------------|-------|--------|
| Reef | 30 | 22-7 | 50 | 0-893 | 44-56 |
| White Reef | — | — | — | — | — |
| Totals | 30 | 18-9 | 50 | 0-893 | 44-56 |

REMARKS

Production (Gold)

The total gold produced was 209 kilograms less than the previous quarter following the resumption of uranium production in the West Plant. The yield was lower at 3-34 grams per ton but this should improve as a higher percentage of ore is obtained from underground sources.

Production (Uranium)

Operations are gradually being re-established on the Bird Reef horizon where re-opening and re-equipping of working places has hampered full production.

Working Profit

The profit of R465,000 for the quarter was due to the higher level of uranium sales in terms of fixed commitments which occur at irregular intervals during the year.

Working Costs

The increase in working costs is attributed to the extension of workings into the Bird Reef Area and the cost of re-opening old working places.

Capital Expenditure

The main item of expenditure was for refurbishing of acid plants. There are commitments for capital expenditure totalling R69,357; the estimated total capital expenditure for the remainder of the current financial year is R847,000.

On behalf of the board,
W. B. COETZER, Director

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Honda to introduce Accord in Europe

BY CHARLES SMITH, FAR EAST EDITOR

HONDA MOTOR Company, which moved into third place among Japanese car exporters to Britain in the first half of 1976, is planning to consolidate its hold on the British and European car markets with the introduction of a new car, the 1.6 litre Accord, around the end of this year.

The Accord has been on sale in Japan and the U.S. for the past two months and demand for it is evidently outrunning Honda's initial estimates (current sales are about 11,000 units a month, but demand is 15 per cent. greater according to Honda). Honda says it will start with sales of about 3,000 units a month in four EEC countries late in 1976. The Accord will be displayed at the Paris and London Motor Shows assuming the car passes its homologation tests which are now being taken. The first shipments will be made in November and the cars will be on sale in Britain by the middle of January.

The significance of the Accord is that it is only the second standard sized car in the production range of a company



Kiyoshi Kawashima, president.

which is still strongest in motor cycles manufacture. Honda's success in Europe and the U.S. (where it recently passed Volks-

wagen as an exporter) is based on sales of the Civic, a 1500 cc car using the low pollution CVCC engine which Honda developed. The Accord also uses the CVCC engine. The car suggests a European designer, but according to Honda is entirely the product of its own design department without the benefit of French or Italian advice.

European cars which come nearest to the performance and capacity of the Accord include the Renault 14 and Alfa Romeo Alfa 75. The Honda is probably superior to most European equivalents in emission standards but this will be a superfluous point in Europe where emission regulations are still relatively slack compared with Japan and the U.S.

Honda accounted for 11.5 per cent. of Japanese car registrations in the U.K. during the first half of 1976 running third after Datsun (with 65.4 per cent. of the total) and Toyota (about 18 per cent.). Honda does not hope to overtake Datsun but makes reports that a continuing decline in demand by large industrial users was more than offset by an increase on the part of consumers.

Ruhrigas is paying an unchanged dividend of DM3 per share this year, plus a DM1 per share bonus in recognition of its 50th anniversary this year.

The Iran deal, covering a total of 1.1bn. cubic metres of gas over a 22 year period from 1981, will be West Germany's largest new source of supply: it will receive about 50 per cent. of the total.

Meanwhile last year Ruhrigas sold a total of some 53.1bn. cubic feet of gas, 1.9 per cent. more than in 1974. The company reports that a continuing decline in demand by large industrial users was more than offset by an increase on the part of consumers.

Ruhrigas is paying an unchanged dividend of DM3 per share this year, plus a DM1 per share bonus in recognition of its 50th anniversary this year.

the Development Bank of Singapore and Nomura International (Hong Kong).

Canadian \$2m. plant to open in Ebbw Vale

By James McDonald

THE CANADIAN Caristrap Corporation, which specialises in non-metallic strapping, is opening a \$2m. (£830,000 to £1.1m.) plant on a 21 acre site in Ebbw Vale, South Wales. Initially between 25 and 30 people will be employed.

The plant operated by Caristrap (U.K.), will be the centre of Caristrap's operations in the EEC. A plant in Holland is to be closed.

Mr. T. J. Karase, chairman and founder of the private company, said in London yesterday that from one patent for non-metallic strapping granted in 1954, "we now have over 400 in 50 different countries."

Chemical considers broking move

BY STEWART FLEMING

CHEMICAL BANK, the sixth largest U.S. commercial bank, is close to a decision on whether to offer a share purchase scheme to its customers through its retail branches in direct competition to Wall Street stock brokers.

In a brief statement, Chemical Bank confirmed that it is considering a "test programme to enable selected checking account customers to buy and sell common stocks." The statement added that "a decision has not been made as to whether the test programme will be conducted."

A Chemical spokesman added that under the programme being considered, Chemical would simply act in an agency capacity and "would not act as a broker." He declined to go into any further details about what would influence the bank's decision whether or not to proceed.

The announcement could well bring to a new peak the debate over bank diversifications, which a recent report by Mr. Ralph Nader's consumerist organisation has suggested have not been profitably or efficiently conducted in many cases.

A spokesman for brokers Pershing and Co., who have been linked to Chemical Bank's plans, Mr. Reginald Oliver, confirmed

that the brokerage house has been in discussions with Chemical about executing the bank's retail customer share transactions.

He said that the bank was thinking of offering the service

grounds that "if we don't do it somebody else will."

He added that from the bank's point of view it was an extension of its services. "I don't think they can expect to make money out of it but it helps them get

increasingly controversial issue.

The New York Stock Exchange has taken some of the issues to the federal courts in a case in which it is seeking a ruling that commercial banks automatic investment plans breach the Glass-Steagall Act. The Act specifically forbids commercial banks from engaging in corporate underwriting and investment banking or brokers from engaging in commercial banking.

The service which the NYSE disputes provides for customers of a number of banks to invest a regular amount monthly, which the bank invests in stocks on its behalf.

Commercial banks' diversification into individual portfolio management and dividend reinvestment schemes, as well as their involvement in private placements and arranging corporate customers' long term financing (traditionally an investment bankers' preserve) has been another area of controversy.

It seems certain, too, that lobbying in Washington by interested parties including in particular the Mutual Fund (Investment) Association and the Securities Industry Association and stock broker representatives will now intensify in an effort to try and get a clearer definition of the Glass-Steagall Act.

Profits increase at J. P. Morgan

BY OUR OWN CORRESPONDENT

NEW YORK, July 12

J. P. MORGAN, the holding company for Morgan Guaranty Trust, fifth largest of the U.S. commercial banks, has reported an increase in net profits before securities transactions in this year's first half.

Net earnings per share for the first half of 1976 are \$2.27, against \$2.29.

The company reports that provision for possible loan losses in this year's first half was \$39.9m., down from \$56.1m. Net charge-offs of loans against the reserve amounted to \$31.3m. in the first half of 1976 against \$32.5m. a year earlier.

He noted that the growing evidence of banks moving into stockbroking related activities was "baffling".

Mr. Oliver added that Pershing, which is a specialist wholesale broker, has decided to co-operate with Chemical on the

at selected branches. He

deposits and credit," he said.

The commercial banking community's expansion into both stockbroking related business and into other forms of investment business which in the past has been the preserve of the investment banks is an in-

creasedly controversial issue.

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COFFEE AND RAW MATERIALS

Coffee prices plunge as Brazil frost fears fade

By Richard Mooney

COFFEE PRICES fell heavily yesterday with the September market on the London terminal market ending at \$1,333 a tonne, \$184.5 below pre-weekend levels.

The decline mainly reflected the absence of frost in Brazil's coffee-growing areas over the weekend. Cold air massed over Argentina had been expected to move north to Brazil and as this would have coincided with a new harvest, the market was considered the zenith of the frost risk. In the event, however, the cold air only caught the corner of Paraná before moving out to sea. Some damage was done to newly planted trees but next year's crop, which is regarded as the most important, is not likely to be affected.

But the frost risk is far from past with the traditional 'frost season' still having some three weeks to run. And it may be worth remembering that the autumn harvest of next month is a disaster, which in one night, trimmed Brazil's crop from an expected 27m. 60-kilo bags to 7.8m., not until Saturday.

There had been widespread trade forecasts that prices would fall if the frost season was

negotiated without serious incident. But the scale of yesterday's decline suggests that many speculators have decided not to risk being caught in the rush which would have come at the beginning of next month. The very sharpness of the fall could, however, accelerate the recovery which has also been widely predicted.

Consumer buying, which has recently been conspicuous in its absence, but yesterday's sudden drop may well tempt some manufacturers into the market.

Once the Brazilian frost season has been really past, the next high risk period comes in October and November when the coffee trees are flowering. At this time the crop is vulnerable to drought and cold winds (not necessarily freezing) which can strip the flowers from the trees and prevent fruiting.

Cocoa prices also fell sharply yesterday with the September futures position losing \$39 to \$1,125.5 a tonne. Some market sources said the fall was due to an easing of the recent tightness in the availability of nearby physical cocoa and a seasonal lack of factory output due to the holiday period. Others

blamed it entirely on speculative selling, possibly based on chart considerations.

Both factions were agreed, however, that the announcement of a 7 per cent rise in U.S. second quarter grindings was a neutral factor. Early predictions had put the expected rise around 10 per cent, but this was trimmed back late last week and the actual figure is felt to be broadly in line with market opinion.

The U.S. Chocolate Manufacturers Association said April-June grindings totalled 80,617 short tons, compared with 86,890 in the same period last year.

West German second quarter grindings are likely to show a fall of between five and 10 per cent on last year's figure. Nakan-Sinkauf-Gesellschaft MHH said in its weekly market letter the fall reflected a similar figure for the U.K.

Purchases of Ghana mid-crop cocoa for the week ended July 8 (the fifth of the season) were estimated by the Ghana Cocoa Marketing Board at 833 tons, reported by Reuters from Accra. This brings cumulative purchases to 3,833 tons, compared with 2,666 after five weeks last season.

to 195m. tonnes also affected sentiment.

From Prague it was reported that the abnormally dry spring and early summer had reduced Czechoslovakia's grain harvest prospects.

In 12 other regions, including the area around Prague, estimates are that the harvest will produce only 50 per cent of the normal yields and the overall harvest is generally expected to be less than the record 10m. bushels of Czechoslovakia produced in 1974.

Malaysian palm oil imports

KUALA LUMPUR, July 12. THERE IS NO LIMIT imposed on the export of Malaysian palm oil to the U.S., Mr. Lew Sip Hoon, parliamentary secretary to the Primary Industries Ministry, told the House of Representatives today.

He added that Mr. Earl Butz, U.S. Secretary of Agriculture, had clarified during his visit here on April 23 that the U.S. had no intention of imposing a limit on U.S. imports of Malaysian palm oil.

U.S. oil imports from Malaysia, he said, were valued at \$5m. in 1974.

Tin leads metal price decline

By Our Commodities Staff

AN ALL-ROUND decline in London futures markets yesterday was particularly in evidence on the London Metal Exchange.

After the big gains made last week, tin prices fell back sharply with standard cash tin losing \$157.5 when it closed at \$2,735.5 a tonne. Despite the expected drop of 375 tonnes to 9,580 tonnes in LME tin stocks, the lack of physical buying and the combination of profit taking and the influence of the movement in sterling and falls in commodity markets generally all contributed to the decline in tin.

There was also heavy selling pressure in the copper ring where cash wirebars closed \$23.5 down at \$227 a tonne.

With an increase of 2,975 tonnes to 81,225 tonnes in zinc stocks and no signs yet of a producer price rise in the U.S., the market for zinc wirebars was also under pressure, closing \$1.50 down at \$1,125 a tonne.

LME silver stocks rose by 5,100,000 to 23,740,000 Troy ounces and some sharp falls in prices were experienced during the day.

Record U.S. maize crop expected

By David Bell

WASHINGTON, July 12. A RECORD U.S. maize crop was forecast today by the United States Agriculture Department. It expects production to be 14 per cent above last year's level.

The department expects the crop to be about 6.5bn bushels, which is comfortably above last year's 5.7bn, and no less than 41 per cent higher than the depressed 1974 crop level.

It was also warned that several northern states need rain soon to prevent serious stress on the crop.

The department was also said the wheat crop should be at a record level of 0.8bn bushels, which would be the second largest crop in U.S. history and only 4 per cent below the level of the previous year.

The maize forecast is the first formal estimate. The harvest has begun in the north and the price of meat and other basic foods.

Protests grow over EEC oil tax plan

By Our Commodities Staff

THE STORM of protest unleashed by the publication of the EEC Commission's plans to curb the Community's growing dairy surpluses continued to grow yesterday.

In particular the suggested tax on vegetable and fish oils aimed at preventing margins from becoming more competitive with butter led to new protests.

Following the international criticism voiced by the U.S. over the scheme the new complaints were raised by U.K. organisations in letters to Mr. Fred Pearce, the Minister of Agriculture which urged him to persuade the EEC to drop the proposed tax.

Mr. Ian Grant, president of the Margarine and Shortening Manufacturers Association, wrote: "We are disturbed by press reports that Mr. Lardinois (EEC Commissioner for Agriculture) is proposing to tax vegetable and fish oils as part of the general effort to rid the Community of surplus stocks of dairy products."

It is surely totally unacceptable for one industry to suffer for the inefficiencies of another, additionally so when outside the U.K., it wrote.

"The tax could only have yet another unnecessary and inflationary effect on food prices and the cost of living, and it would reinforce the Common Agricultural Policy practice of taxing produce for human consumption much more severely than the same produce for industrial (non-edible) purposes."

Meanwhile, Mr. Desmond Bird, Director General of the Compound Animal Feedstuffs Manufacturers' Association, warned in a speech in Taunton last night that in the face of the intense opposition to the

proposed tax on vegetable oils, the EEC Commission might be tempted either to prolong its existing protein levy scheme or replace it with some even more unacceptable proposal.

The feedstuffs trade and livestock producers must resist that levies on vegetable oils on the grounds that it is not to be used for some months to liquidate deposits already paid," he said.

Halfway

At almost the halfway stage of the EEC's skim powder disposal scheme contracts had been made for the sale of about half the 400,000 tonnes target.

Bearing in mind all the teething troubles which occurred when the scheme was introduced in April of this year, this year's skim powder will continue to be used for some months to liquidate deposits already paid," he said.

As a result, the target of 400,000 tonnes to be disposed of by October 31 should be achieved, said Mr. Bird. However, despite all the upheavals the scheme had caused to raw material and compound feed prices Community stocks of skim in intervention seemed certain to be higher at the end of the scheme than they had been at the start.

He also warned that even if the scheme ended to-morrow, animal feed prices would not return to their 1974 levels. An explosion in raw material prices had added about 15 per cent to the price of compounds since March. Less than 22 a tonne of this was due to the skim powder levy scheme.

K. duty-free plywood quota

PLYWOOD imports have been hit by the continued hot, dry weather the Ministry of Agriculture said yesterday in its weekly report.

Cereals in nearly all areas have ripened quickly and matured, with consequent decline in yield prospects. Harvesting of winter barley is well advanced and spring barley is being cut in eastern and southern England.

Winter barley yields are variable but should be average overall and many of the first barley crops cut have ripened prematurely on thin soil and early reports of poor yields should not necessarily be taken as typical.

Most fodder crops were suffering from drought, grass growth had virtually ceased over much of the country, and in south and east England, and parts of the Midlands a short of grazing had developed particularly for cattle. Many farmers were feeding hay or straw, and barley from the new crop was being used.

Although the sugar beet crop was standing up well to the heat, growth had slowed down and by nightfall, wilting was usually apparent. Generally, early potato plants were standing the dry

Drought hits U.K. crop yields

By Peter Bullen

CROP YIELDS prospects in Britain have been hit by the continued hot, dry weather the Ministry of Agriculture said yesterday in its weekly report.

Cereals in nearly all areas have ripened quickly and matured, with consequent decline in yield prospects. Harvesting of winter barley is well advanced and spring barley is being cut in eastern and southern England.

Winter barley yields are variable but should be average overall and many of the first barley crops cut have ripened prematurely on thin soil and early reports of poor yields should not necessarily be taken as typical.

Most fodder crops were suffering from drought, grass growth had virtually ceased over much of the country, and in south and east England, and parts of the Midlands a short of grazing had developed particularly for cattle. Many farmers were feeding hay or straw, and barley from the new crop was being used.

Although the sugar beet crop was standing up well to the heat, growth had slowed down and by nightfall, wilting was usually apparent. Generally, early potato plants were standing the dry

Record U.S. maize crop expected

By David Bell

WASHINGTON, July 12. A RECORD U.S. maize crop was forecast today by the United States Agriculture Department. It expects production to be 14 per cent above last year's level.

The department expects the crop to be about 6.5bn bushels, which is comfortably above last year's 5.7bn, and no less than 41 per cent higher than the depressed 1974 crop level.

It was also warned that several northern states need rain soon to prevent serious stress on the crop.

The department was also said the wheat crop should be at a record level of 0.8bn bushels, which would be the second largest crop in U.S. history and only 4 per cent below the level of the previous year.

The maize forecast is the first formal estimate. The harvest has begun in the north and the price of meat and other basic foods.

Protests grow over EEC oil tax plan

By Our Commodities Staff

THE STORM of protest unleashed by the publication of the EEC Commission's plans to curb the Community's growing dairy surpluses continued to grow yesterday.

In particular the suggested tax on vegetable and fish oils aimed at preventing margins from becoming more competitive with butter led to new protests.

Following the international criticism voiced by the U.S. over the scheme the new complaints were raised by U.K. organisations in letters to Mr. Fred Pearce, the Minister of Agriculture which urged him to persuade the EEC to drop the proposed tax.

Mr. Ian Grant, president of the Margarine and Shortening Manufacturers Association, wrote: "We are disturbed by press reports that Mr. Lardinois (EEC Commissioner for Agriculture) is proposing to tax vegetable and fish oils as part of the general effort to rid the Community of surplus stocks of dairy products."

It is surely totally unacceptable for one industry to suffer for the inefficiencies of another, additionally so when outside the U.K., it wrote.

"The tax could only have yet another unnecessary and inflationary effect on food prices and the cost of living, and it would reinforce the Common Agricultural Policy practice of taxing produce for human consumption much more severely than the same produce for industrial (non-edible) purposes."

Meanwhile, Mr. Desmond Bird, Director General of the Compound Animal Feedstuffs Manufacturers' Association, warned in a speech in Taunton last night that in the face of the intense opposition to the

proposed tax on vegetable oils, the EEC Commission might be tempted either to prolong its existing protein levy scheme or replace it with some even more unacceptable proposal.

The feedstuffs trade and livestock producers must resist that levies on vegetable oils on the grounds that it is not to be used for some months to liquidate deposits already paid," he said.

Halfway

At almost the halfway stage of the EEC's skim powder disposal scheme contracts had been made for the sale of about half the 400,000 tonnes target.

Bearing in mind all the teething troubles which occurred when the scheme was introduced in April of this year, this year's skim powder will continue to be used for some months to liquidate deposits already paid," he said.

As a result, the target of 400,000 tonnes to be disposed of by October 31 should be achieved, said Mr. Bird. However, despite all the upheavals the scheme had caused to raw material and compound feed prices Community stocks of skim in intervention seemed certain to be higher at the end of the scheme than they had been at the start.

He also warned that even if the scheme ended to-morrow, animal feed prices would not return to their 1974 levels. An explosion in raw material prices had added about 15 per cent to the price of compounds since March. Less than 22 a tonne of this was due to the skim powder levy scheme.

Wool textile industry revival continuing

MELBOURNE, July 12.

THE WOOL textile industry continues to show an upward trend in the wool textile sector, with figures seemed to reflect anxiety about the recent break in supplies caused by woolhanding strikes in Australia rather than a reversal of the recent upward trend, said a spokesman for the Wool Textile Industry Council.

The AWC said the U.S. worsted sector remains buoyant and woolen fabric producers are well booked. The 47 per cent increase in raw wool consumption in the first quarter 1976 over the same 1975 period indicates the extent of the U.S. upturn, the Corporation added.

The slight upward trend in wool textile output in the first quarter 1976, when wool textile output figures seemed to reflect anxiety about the recent break in supplies caused by woolhanding strikes in Australia rather than a reversal of the recent upward trend, said a spokesman for the Wool Textile Industry Council.

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COMMODITY MARKET REPORTS AND PRICES

COMMODITY METALS

TURNED over to the London Exchange. Prices were steady in the afternoon, but fell in the evening.

At 10.15 the gold price was \$372.50, down from \$373.50 at 10.00. The silver price was \$19.50, down from \$19.60 at 10.00.

The copper price was \$1.12, down from \$1.13 at 10.00. The zinc price was \$1.10, down from \$1.11 at 10.00.

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Entertainment Guide

OPERA & BALLET

ATLANTIC THEATRE, 100, Strand, 7.30, 9.30. **THE WALKER**. Book by J. H. Green, music by J. H. Green. Musicians from Brazil.

ROYAL OPERA, 13, Coventry St., 7.30, 9.30. **THE WALKER**. Book by J. H. Green, music by J. H. Green. Musicians from Brazil.

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THEATRES

PICCADILLY, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

The Japanese have troubles too, Peter Street of the Anglo-Japanese Economic Institute finds.

Low cost textile imports hit Japan

RECENT DECISIONS by manufacturers to cut capacity during the final three months of 1975—the improvement in demand proved insufficient to absorb the increased supply. It produced an inevitable fall in market prices and left makers no alternative but to reduce production levels yet again from the beginning of the year.

And now the cutbacks are to continue, with synthetic fibre-makers citing weak prices, dim export prospects and rising raw material costs as primary factors behind the move.

The decision to continue cutting polyester, nylon and acrylic fibre output by 15-20 per cent over the coming three months is evidence in itself that real recovery from what has been by far the longest and deepest recession in the textile industry's post-war history is proving sadly elusive, for all three synthetics had been showing indications of a gradual upturn.

Indeed, many within the industry had believed that, for polyester at least, a full recovery was under way, while an increase in nylon and acrylic sales noted by the top manufacturers since the autumn had added to the prevailing optimism. However, when operating rates were raised in the belief that better times lay ahead—and for polyester and nylon they were upped to 90 per cent, or more of

the year (and even then they were down 75.6 per cent from the previous 12 months at ¥2.3bn.), though four of the seven—Toray Industries, Teijin, Asahi and Kuraray—reported surpluses for the second half of the year, helped no doubt by the recovery in nylon and acrylic fibre sales.

Reduced production of synthetic fibres—and complete closure of some markedly unprofitable rayon staple divisions—has left all the major companies with larger labour forces than they need. The transfer of workers to profitable non-fibre-producing divisions (Toray, for example, is building up facilities to produce carbon fibres, besides expanding production of synthetic leather and a newly-developed nylon-based artificial turf) has helped alleviate the problem, but many of the big synthetic textile producers are nonetheless planning wholesale cuts in their labour forces over the coming years.

Asahi Chemical, which trimmed its workforce by about 1,000, or 5 per cent, during the six months October to March, is aiming for a further 2,000-man cut over the next two years, while Toray, for all its non-fibre expansion plans, is hoping for a 5,000 reduction over the coming three years.

Natural fibre producers have similarly been scaling down operations, even closing spinning mills, in a bid to cope with

the recession. The opening months of last year, moreover, saw them resorting to "anti-recession cartels" to slash over-all industry output of cotton and wool yarn by 37.8 and 40 per cent, respectively after voluntary company cutbacks and spindle-scraping programmes had failed to reduce inventory levels and restore market quotations to profitable levels.

The end of the year brought further collaboration in the natural fibre field when the three biggest spinners—first while rivals Toyobo, Kanebo and Unitika—agreed to co-operate in all areas of cotton and wool production and marketing in a determined bid to promote equipment reductions.

Reorganise

Toyobo president Ichiji Ohtani ushered in the pact with a warning that "the textile recession is too serious for individual companies to overcome... the whole industry will go under unless the three of us make a united effort to ride out the storm," a view backed up by the expressed hope of all three presidents that the agreement would not only help their own companies shake off the slump, but also promote much-needed reorganisation of the industry as a whole.

But while Japan's textile industry has been busy grappling with over-capacity prob-

lems, its competitors in neighbouring South-East Asian countries have been building up facilities (particularly for synthetics), basing their emergent textile industries on the self-same advantages of low-cost and abundant labour that were once, ironically, the hallmarks of the Japanese industry.

And they are posing a considerable threat. Rising imports from South-East Asia, notably from South Korea, Hong Kong and Taiwan, were instrumental in turning Japan's traditional surplus in foreign textile trade into a first-ever deficit in 1975, when total imports, boosted by a rush of cotton fabrics, almost doubled from the previous year. Imports claimed 16.2 per cent of Japan's domestic textile market that year, and although the past two years have seen imports fall from the peak levels of 1973 (a decline which incidentally has helped to put the textile trade balance back in surplus), imports seem set to rise again once the domestic market picks up.

The Ministry of International Trade and Industry has forecast that foreign-made products could take a fifth of the Japanese textile market in 1980 and a quarter in 1985.

The projection cannot have gone down too well with the beleaguered home industry, many sectors of which have filed a succession of pleas for import controls over the past couple of years. Up to now, their requests have for the most part gone unheeded, although silk producers have been granted a measure of relief through controls on Chinese and South Korean imports, at a cost. It should be noted, a deterioration in Japan's trading relations with South Korea.

Reform

Import controls, MITI officials believe, are plainly not the answer to the industry's long-term problems. What is needed, they say, is more structural reform (far, apart from synthetics, the Japanese textile industry is still primarily composed of small and medium-sized producers), together with improvements in distribution channels and business methods.

Overriding all other problems, however, is that of over-capacity in almost all sectors. This time last year the Japan Spinners' Association was talking in terms of a 12 per cent cut in cotton spinning facilities by 1980, while only last month, the Japan Chemical Fibres Association predicted the emergence of a 32 per cent surplus in rayon staple facilities by the same year, despite the fact that withdrawal of firms from the field has left barely ten producers in operation, compared with 20 to 30 in the industry's heyday. But, then, for Japan's textile industry as a whole, import controls are very much things of the past.



Man is a meat eating animal

Borthwicks last year was the largest importer of meat into the USA

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Borthwicks has been the largest importer of frozen lamb into Britain for many years. In addition, the policy of constantly adapting to world trading conditions has led to expansion elsewhere—for example, not only in the USA, but also in Japan, where Borthwicks is the brand leader in chilled beef and in the Middle East where Borthwicks supplies more imported frozen lamb than any other company.

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FINANCIAL TIMES SURVEY

Tuesday July 13, 1976

CHICAGO

Blessed with geographic advantages that make it a natural trading centre, Chicago's economic position has been strengthened by diversification. But blight has crept over the inner city area raising social problems, and there are doubts about Mayor Richard Daley's ability to handle them.

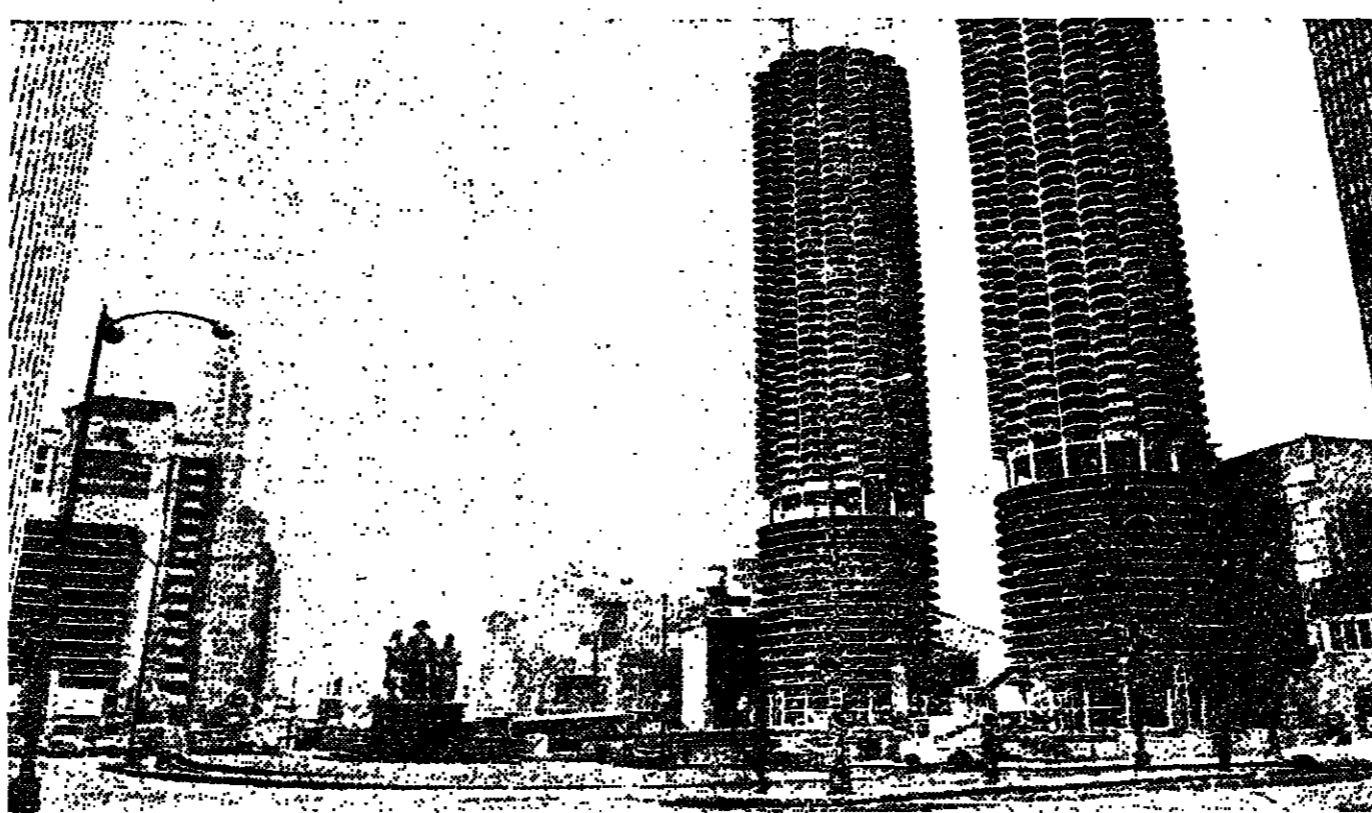
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by no means a foregone conclusion. Moreover, there are those in Chicago who now question whether the Mayor is still the best man to see the city through what promises to be a period of great change. At the same time there is growing anxiety about how the structure of government and the city's delicate political balance would react to the jolt of his sudden departure. That Chicago does have a better chance than most north eastern industrial cities of coping with the forces of change can easily be demonstrated. One positive pointer in that even such vigorous analysts of municipal finance as the bond rating agencies Moody's and Standard and Poors continue to give the city a double A rating.

In addition the central downtown area which is of such concern in Detroit remains healthy and alive. The lake shore front, too, continues to be a fashionable dwelling area for the better off and the young.

Primarily it is Chicago's location at the junction of the east and west of the U.S., and as a focus of routes to the south and up through the Great Lakes, that has made the city so prosperous and important, and it retains these advantages. Last year, for example, Chicago claimed to handle more freight than any other U.S. city, and its O'Hare Airport is reputedly the busiest in the world.

These natural advantages have been bolstered by the city's diversified economic and financial base, and by the dozens of major corporations who have



The twin towers of Chicago's Marina City, high cost apartments in the central area. But many from the middle classes have fled the centre for the outer suburbs.

made their headquarters or at least their regional headquarters in Chicago. The city's strengths can be measured in financial terms by noting that the six county area which makes up the metropolitan region of Chicago has a gross product equivalent to single industry.

The diversity extends to the financial centre has been underpinned by the influx of foreign banks, which includes two of the ten largest U.S. banks. Since the 1973 change in Illinois law, there is now the National Bank of Chicago, as well as the dominating U.S. exchange market among these commodities futures markets, banks.

is especially important because of the unusual State of Illinois law which prevents a bank from having more than one branch. This provides another rock in the city's defences, for it ties the banks to Chicago's future. Business interests are thus working hand in hand with the city's government to meet the threats facing Chicago in a way which happened in New York only when that city's social crisis had overwhelmed it.

There are now, according to some bankers, indications of a revival of manufacturing investment, a development which is seen as promising lower levels of unemployment among black youths, which would help to assimilate them into the community.

The darker side of Chicago's future, which contrasts starkly with the strength of the metropolitan area's economy, is most evident in the social decay which has inundated large tracts of the city and has reached the borders of the core of the city.

in another article on the inner city. But the effects they are having on Chicago's economy are in essence those which are rotting the centres of the older industrial cities of the U.S.

Since the beginning of the century the city has absorbed thousands of black immigrants from the south of the country in particular. More recently a Latino element (Puerto Rican and Mexican) has also added to the influx. The result has been that in a very short space of time approaching 40 per cent of the city's population has come to comprise a poor and mainly black community with pockets of unemployment of up to 40 per cent.

As the immigrant wave has come in, so the white middle classes have fled to the suburbs. Manufacturing industry has also been leaving the city, either to the suburbs or to the "sun belt" states of the south and west of the U.S., in search of cheap non-union labour or better locations for expansion.

This has led to a contraction of the city's effective tax base, to growing pressures on police and fire services, and to a crippled public education system, all of which are driving Whites into the suburbs.

Over this urban blight Mayor Daley has presided, battling with business interests (so far successfully) to keep the commercial core of the city functioning through ambitious office and shop developments. However, his recent decision to begin to enforce a city ordinance requiring municipal em-

Forecast

Pierre de Vise, Professor of Urban Sciences at the University of Illinois and a recognised authority on urban affairs, has forecast that unless the city of Chicago gets help from outside to "break the vicious cycle of demographic change," fiscal decline would eventually lead to bankruptcy.

The problems which Chicago faces in social and demographic terms are examined more fully

CONTINUED ON NEXT PAGE

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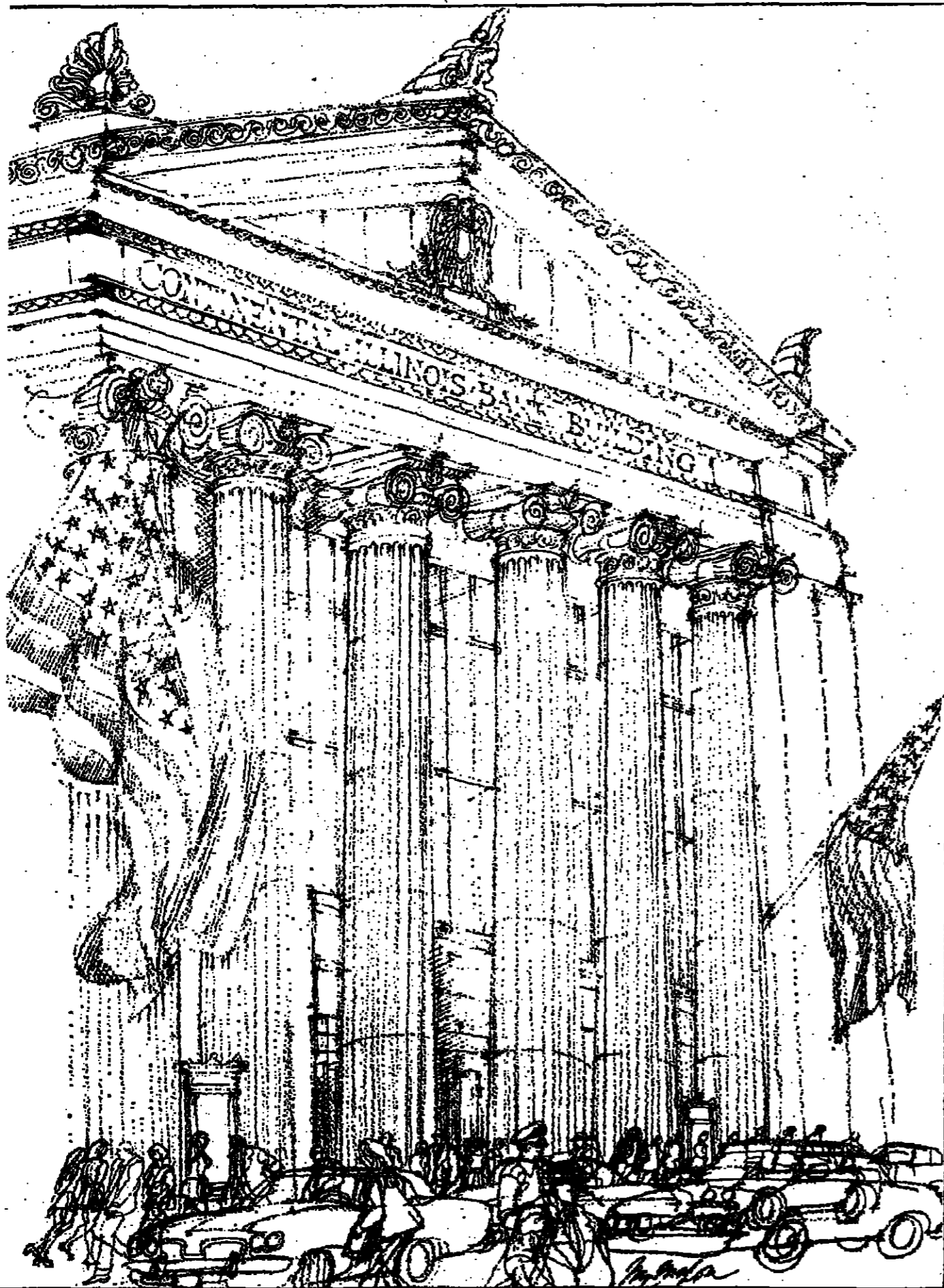
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State controls anger banks

THE TWO biggest banks in Chicago, Continental Illinois and First National Bank of Chicago have more branches in Britain than in their home State of Illinois. They are nevertheless among the top ten banks in the U.S., each with assets close to \$20bn. The explanation of this apparent paradox is that Illinois is one of three States, the others are West Virginia and Oklahoma, which prohibits branching and so restricts banks to one office.

While this is a considerable restriction, and one which has finally pushed the Chicago banks to open revolt, it has not prevented the city from developing into one of the country's most important banking centres.

With \$88bn. in bank assets and over 20 foreign banks in the State (mainly in Chicago), Illinois is the third largest banking State in the country. One explanation for Chicago's importance as a banking centre is the strength of the region's economy. Within a 500-mile radius of the city is located one third of the U.S. population, two fifths of the country's manufacturing industry and one third of its retail trade.

That in itself is not an adequate explanation. In addition Chicago has become either the headquarters or the regional headquarters for dozens of the largest U.S. and multinational companies. The list includes such companies as International Harvester, retailers Sears, Roebuck and McKays, now taken over by Mobil, Inland Steel, Kraftco, Standard Oil (Indiana) and CNA Financial Corporation, to name some of the largest.

The presence of so many multinational corporations and the strong industrial base are among the factors which have attracted foreign banks to the area, although a number of them, including Greek and Israeli banks are seen to have come primarily to service local ethnic communities.

To some extent the foreign banks are competing with local rivals, although in the main it seems they are playing a complementary role providing services to local companies with international operations and to companies from their home countries who have set up a local operation.

Foreign

As in New York, Chicago bankers report a growing interest on the part of foreign businessmen from Holland, Germany and Japan in particular to start operations in the U.S. and in the Chicago area. One of the reasons frequently cited to explain this inwards migration, especially from Europe, is the desire by these businessmen to establish operations in what they see to be a stable capitalist society, an environment frequently contrasted it seems with their principal domicile. Exchange controls, where they exist, are an inhibiting factor in these movements, but not necessarily a preventative factor.

The foreign banks do not seem to be making much attempt to break into retail banking, except where they are aiming to serve ethnic groups not commerce. Barclays has, however, caught the public's eye by offering travellers cheques without charge.

Whatever the activities of the foreign banks, the development of Chicago's banking business is going to continue to depend to a great extent on the activities of the city's market leaders, Continental Illinois and First National, both of whom have been active, and to a degree pugnacious, in some of their operations especially in relation to Illinois banking laws, during the past year.

For example, Continental Illinois has just announced a wide-ranging restructuring of its operations. One objective has been to establish a division specially geared towards servicing multinational corporations in such a way that a senior bank executive will take control of a company's worldwide banking relationships with Continental. This replaces the system under which a U.S. multinational, for instance, would deal with bank officers around the world to a large extent independently.

In the restructuring it would seem that Continental is aiming to strengthen its international trade business, an area which has been a great growth point for many multinational banks, particularly Citibank in New York for example.

First National of Chicago has also been experiencing some restructuring, although in its case it has stemmed from the retirement last year of Mr. Geoffrey Freeman and his replacement as chairman by Mr. Robert Abboud.

Mr. Abboud is proving to be a tough and outspoken personality who has already taken independent stances on such issues as the bank refinancing of Lockheed Aircraft, New York financing and disclosure of bank problem loans.

Since he took control, First Chicago, which had the reputation for being a particularly expensive business perhaps under the influence of its rivalry with Continental Illinois, has lost dozens of senior executives, some of whom have left to take control of other large banks in different parts of the country.

There are suggestions that Mr. Abboud has tightened up control in the bank particularly in connection with loan losses, an area where it has been hit more heavily than its great rival.

While Continental and First Chicago are often contrasted in relation to their styles of operation, on one issue, Illinois banking laws, the two have adopted similarly provocative stances.

Both banks are determined to try and break away from the inhibitions inherent in the one branch banking laws of the state. In the courts they have been seeking rulings that customer bank computer terminals (CBCT) are not branches within the meaning of the 1977 McFadden Act which applies to national banks.

In trying to break away from the branch banking restrictions the two banks have opened a number of electronic terminals which provide retail customers with most of the important personal bank services. Customers with special banking cards can through the computer based terminal, draw up to \$100 cash, make deposits and have them credited to their accounts and through Mastercharge take loans, by punching out the correct codes.

Within weeks of the installation of these first terminals last year the Illinois Commissioner of Banks challenged the electronic terminals, arguing that they are in fact branch banks because they take deposits and make loans.

The banks have lost their case in lower courts and are now seeking Supreme Court rulings. Already a number of U.S. banks are recognising that their branches dealing primarily with private retail customers are proving too expensive to operate and are beginning to close some of them, releasing assets locked up in branch property and saving escalating staff costs. If they can get court approval for electronic terminal

branching in Illinois, Continental and First Chicago may have jumped a whole stage in banking development by moving straight into the electronic banking era.

Educate

U.S. banks like Citibank are already trying cautiously to educate their customers to use computer terminals in their branches with a view to moving towards greater automation in branch banking. If successful, the development of the Chicago banks' electronic systems will be closely watched not only in the U.S. but in other parts of the world where banks are becoming concerned about the costs of branch services for retail customers.

In developing their computer terminal branches, assuming they eventually win their case, the Chicago banks are watching rival financial intermediaries such as Federal Savings and

Loans Associations and have set up branches in Illinois. In some banks have been powers to provide, mers. They promise important rivals to banks in retail trade.

Already Illinois Savings and Loans Association vide cheque or customers. The commercial banks are to leave them-eives retail banking: con this sort. They have been helped by M who under Chicago's constitution has es ordnance allowin branching in the c community offices, claim that this will their lending to are which are sufferin Urban areas.

Stewart

Change

CONTINUED FROM PREVIOUS PAGE

ployees to live in Chicago and not in its suburbs, as well as a speech calling for Federal aid to the city, appear to be indications of growing anxiety.

In influential quarters in the city, however, there is concern about whether the Mayor will prove flexible enough to cope with Chicago's emerging problems, and there is even deeper anxiety about the question of a successor. Fears on the latter point are countered on the grounds that he is still healthy (by all accounts more vigorous since an operation than he was a couple of years ago) and that in any case the administration beneath him is strong.

Stagnated

Political life in Chicago, it is generally thought, is presaged the Mayor is far- extent stagnated since the Mayor's accession to power, he suggested, th Mayor Daley's political government will machine, the last of the great chance of coping lems. Chicago on a single minority ethnic strengths are imp group (the Irish), has survived the cities of the because the city has remained the U.S. and its ally. Chicago is certainly not a its political struc ably unique, and What will happen when be seen whethe Mayor Daley finally departs, strength or a we

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'Hizonner' still in the saddle

Three years ago it was fashionable, almost so, to drag the bit of Richard Daley from the files and Michael Howlett, was so unimpressed. The Mayor, it pressed, that there is a good chance that he would lose to a seat at the attractive, capable in 1972 by the Republican Jim Thompson, in the November poll: anything, he had concluded, was preferable to having to deal for a day longer with "walking" Dan Walker.

Headlines

Nearly three months later, the national headlines were all about Mayor Daley. His judgment was that there was only one result that counted in the climactic day of the Democratic presidential primaries: irrespective of what happened in California and New Jersey, he said, if Jimmy Carter decisively won the Ohio primary, then the party's nomination should be his.

He did it and it was: Mayor Daley was the first to endorse the former Governor of Georgia on the morning after and was followed almost immediately by the serried ranks of the national party. Just like old times, when Daley-led and the rest followed.

The Carter-Daley relationship is also witness to the Georgian's acute political instincts. Back in March, in the Illinois primary, Carter had avoided, as far as possible, running delegates in even on this great districts where Daley slates (nominally pledged to Senator Adlai Stevenson from Illinois) were strong, but made hay downstate in Walker territory. Carter also told his supporters not to oppose the selection of Daley as State delegation chairman. The lines of communication between the two men were always open—indeed Senator Stevenson may yet be Mr. Carter's running mate in the general election. The courtship was delicate and restrained (Mr. Carter, after all, did not wish needlessly to offend the liberal democrats, who still have difficulty stomachs the Mayor).

But when it was all over, the good cause for satisfaction St. Patrick's Day: the day before, his had done its work and ousted, in the primary election, Dan Walker of

engagement was effusive, the over the number of Blacks in America to call the nominee police force — where the presumptive "Jim," praising his minority percentage has been religion, even though Daley is a declining in the last decade catholic and Carter a southern following the passing of the last baptist, and entertaining him reform Police Commissioner—lavishly in Chicago itself.

In many ways, Mayor Daley has not changed over the years. He still believes that tight control is the prerequisite to good government and suspects that criticism weakens that control: (no small matter given the his pride, moreover, is as great as it ever was. Thus, when Mr. Ralph Metcalfe, the long serving congressman from Chicago's Black district, accused the city police of brutality, Daley took it as a personal insult and singled out Metcalfe for defeat in the March primaries. His control in the Black wards had been effective in the past and he had the wit to install as his candidate one of the best and brightest of his loyal Black supporters. Curiously enough, the Mayor got it wrong and Metcalfe was returned in a landslide, but Daley did not seem worried.

"You win some, you lose some," he commented, secure in the knowledge that he had won the biggest one the same day by securing Walker's defeat. Many of the city's Blacks believe that the Daley campaign against Metcalfe was evidence of the Mayor's inherent contempt for and lack of interest in the wellbeing of minorities, who comprise one-third of the city's population. This, perhaps, is not entirely fair, since Chicago's Blacks have received at least some of the benefits from the fact that the city is, by modern urban standards, pretty well run. But there have, nonetheless, been plenty of bones of contention this year. His critics, for example, have contended that the Mayor has done his best to ensure that federal public housing projects for the low income groups stay in the Black areas and be not inflicted on the White suburbs. The city was taken to court over this and the Supreme Court ruled against Chicago, though Daley says he can live with the decision. Other conflicts have arisen



Mayor Richard Daley: not much loved but still a power in the land.

then, he has always resented other than personal venality) outside interference in Chicago's affairs in the 22 years that he has run the city. His claim is that he has done his job well and even his most violent detractors (and there are many who have accused him over the years, sometimes accurately, of most of the sins known to man

High-priced shopping

OVER THE PAST 30 years, the movement of population and retail trade in large cities all over the U.S. has been in one direction — outward to the suburbs. Retail establishments in ageing "downtown" urban shopping cores have been hard-pressed to hold their own in the face of the dispersion of their middle-class clientele. More often than not, they have closed shops downtown and chased their customers to the suburbs. In Chicago, however, this pattern was sharply reversed last year. The catalyst was a 74-storey building called Water Tower Place, situated on North Michigan Avenue—only about a mile from the city's central "Loop."

The first seven floors of this

stark new building, named after the survivor of the fire of 1870 that stands just across the street, house adjoining department stores operated by Lord and Taylor of New York and Chicago's redoubtable Marshall Field and Co. On arcades between them are spaces for an additional 100 specialty shops and restaurants; about 25 are occupied and 50 should be in business by year-end. Upstairs from the stores is the Ritz-Carlton Hotel, a name noted for elegance elsewhere. On top of that are 40 floors of condominium apartments, ranging in price from \$135,000 to \$237,000.

The combination of medium-priced shopping and high-priced living has been irresistible to

been broken for a 44-storey Marriott hotel that will increase the area's important out-of-town trade.

Hottest

The new and future establishments, added to the Saks-Fifth Avenue, Bonwit Teller, I. Magnin and Stanley Korshak clothing stores already there, make North Michigan Avenue "about the hottest shopping street around," says fashion designer Bill Blass. He adds: "I don't know of any other street in the world that will have such a concentration of retailing wealth."

Behind North Michigan Avenue's growth are a number of factors, not least of which is the resurgence of its immediate environs as a residential centre for people of middle income and above. In a development fostered in part by federally financed urban renewal programmes, numerous "luxury" high-rise apartment buildings have sprung up along Lake Michigan just north of the avenue, luring a mix of affluent older couples whose children have grown up and people in their 20s who want to be close to the area's nightlife.

The two neighbourhoods closest to the avenue are among the few in Chicago that have shown population increases in the last half-dozen years. Close to 150,000 people live within a 15-minute bus ride of the street, "and most of them can afford to buy what we have to sell," notes one North Michigan Avenue merchant.

By contrast, the "Loop," Chicago's traditional retailing centre, is increasingly becoming the province of the Blacks and other minority group members whose numbers have grown in just about every other portion of the city.

Sales in the "Loop" amounted to more than \$600m. last year and the section seems sure to survive as the city's main retailing area. Appliances, furniture and many low-priced clothing items are available there that cannot be bought on North Michigan Avenue.

Nonetheless, "it wouldn't be an overstatement to say that Michigan Avenue is becoming the white downtown shopping core," says Brian Berry, head of the University of Chicago's Centre for Urban Studies. "It reflects the racial bifurcation of the U.S. as a whole."

Other factors are more immediately observable. One is the presence on the street of hotels catering to a wealthy clientele; Michigan Avenue retailers say

Protection

The city government also sees to it that shoppers feel safe by granting the avenue more police protection per foot than any other section of Chicago. This is especially noteworthy because violent crime is rare on the street and the offence most frequently committed there—shoplifting—usually is handled by the stores' own security staffs.

Finally, as Howard Clyne, head of the local Saks Fifth Avenue store puts it: "We on Michigan Avenue have been fortunate that the people who own property here have kept in mind the importance of maintaining the tone of the street."

Should they forget, the Greater North Michigan Avenue Association, which represents local stores and building owners, is there to remind them. Among other things, the group has spearheaded drives to restrict the operation of "adult" book stores and "massage" parlours near the avenue, and it has suggested to a few building owners that their choice of retail tenants might be unwise. "We wouldn't like to see a lot of stores that sell promotional-type merchandise. That's not what Michigan Avenue is all about," says Nelson Forrest, executive director of the association.

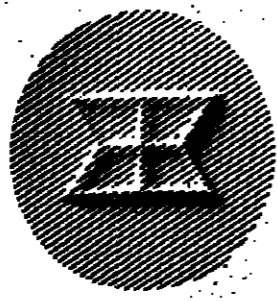
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CHICAGO IV

Commodity traders enjoy new boom

MR. WARREN LEBECK, President of the Chicago Board of Trade, concedes that the massive default on the May potato contract on the New York Mercantile Exchange has posed a serious challenge to all of the 14 U.S. commodity markets.

He studiously withholds judgment on the issues involved in the default, in the course of which several large traders did not honour contracts to deliver some 50m. lbs of Maine potatoes, on the grounds that the circumstances surrounding default are still unclear. But he accepts that what appears to be so basic a challenge to the commodity markets' regulatory systems cannot be lightly dismissed.

The May default in New York came at an uncomfortable time for that market and for Chicago's Board of Trade and the Chicago Mercantile Exchange, as well as for the other U.S. commodity markets. Beginning to emerge from the newly constituted Commodity Futures Trading Commission (CFTC) are advisory reports concerned with the future regulation of commodity markets.

The CFTC is only just one year old. Its importance to Chicago can be appreciated against the context of the dominating position which the city has established in commodity markets. The Chicago Board of Trade for example is now perhaps the most vital and innovative of the commodity markets. The year since the CFTC began its operations has been one of further expansion.

Soybeans

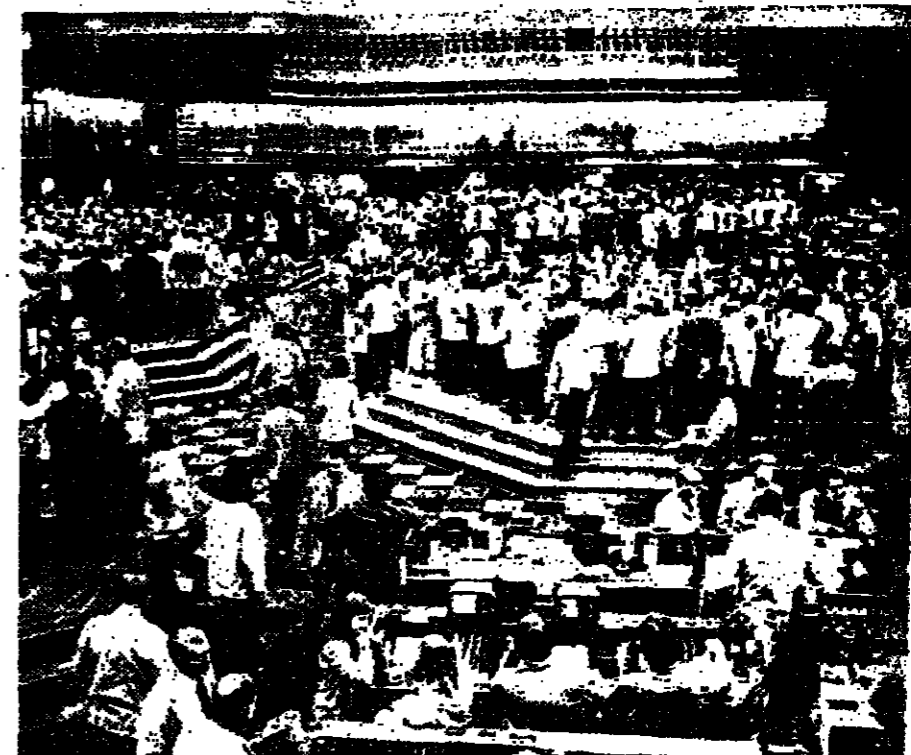
During 1975 contract volume on the Exchange rose by 8.5 per cent, from 14.6m. contracts in 1974 to 15.8m. contracts in 1975. Corn was the most actively traded futures contract but soybeans grew most rapidly. The Chicago Board of Trade maintains that its 4.8m. of corn contracts traded last year made it the most actively traded futures contract in the world.

Late last year the Board of Trade underwrote its reputation for innovation by introducing a contract for trading interest rate futures.

In view of their pre-eminence and growth, a vital issue for the Chicago commodity markets is how any new rules relating to the commodity markets established by the CFTC will affect business.

In recent months Mr. Lebeck has been around the country delivering outspoken critiques of the dangers of bureaucratic exchange, at times no doubt preaching to the converted for there is a growing scepticism about the role of federal and regulatory agencies.

Since some of these speeches market's contract terms, the first question has become even more central to the CFTC's brief. It was one of the CFTC's in any case an issue which advisory committees, the CFTC was looking into, and



Chicago Board of Trade: there is concern about the development of policy by the Commodity Futures Trading Commission.

important economics committee, decisions it reached about, for example delivery points for contracts can have a big impact on a market's competitive position. These are some of the anxieties which are being expressed about the CFTC's developing role. On the other hand there are several reasons why Mr. Lebeck should be able to discern a number of basically encouraging trends.

In the first place the advisory committee on which Mr. Gary Seever, one of the commissioners, sits has come to some conclusions which, if followed by the Commission itself, augur well for the development of Chicago's commodity markets. Thus the committee has taken the view that futures markets are economically justified and should be encouraged to develop. Such a view could not have been assumed to be a foregone conclusion a couple of years ago when commodity markets were catching much of the blame for rising food prices and the associated inflation.

In addition, are indications of the Commission's attitude to the new forms of futures contracts such as the interest rate contract which began to appear in the Chicago market last year. The market's conclusion that "properly managed" futures markets provide important economic benefits to the public through providing an institutional framework for competitive price discovery and risk shifting.

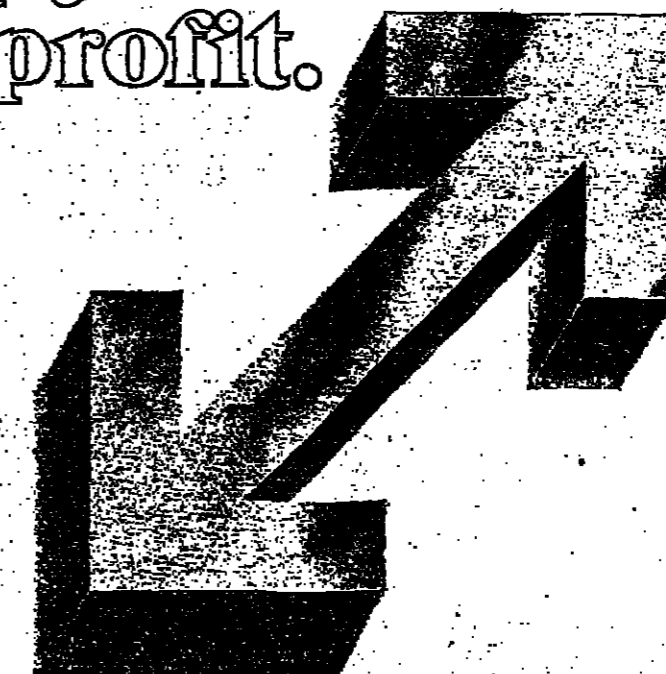
The economics advisory committee has also recommended some changes in the current monitoring and surveillance of futures markets which if implemented would appear to make them more attractive to users.

Default

In a speech in New York only a few days after the potato default, Mr. Seever emphasised that in coming to this judgment the economics advisory committee concluded that "properly managed" futures markets provide important economic benefits to the public through providing an institutional framework for competitive price discovery and risk shifting.

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CHICAGO V

Hub of the nation's freight networks

ALTHOUGH Chicago has lost railways, heavily concentrated in the slaughterhouses that in here, chief executives bend over boardroom tables, place the city hog butcher for the world. It still exists in those other brawny titles conferred by its poet: "player with railroads" and the nation's freight handler.

In America nearly 40 per cent of the inter-city movement of goods is by rail and of the annual 25m. carloads fully one-third originates in, passes through or terminates in the vast marshalling yards of Chicago. The shunting district contains 7,600 miles of track serving 4,200 industries with 1,300 goods trains daily. The city is at the centre of a great web of steel strands spun largely by a combination of British capital and Irish labour in the 19th century. Fifteen long-haul railways converge here, where they are bound together by five belt-line roads and supplemented by six so-called private lines run by such companies as steel mills.

Chicago is America's principal rail gateway — the portal through which the manufactured goods of the East move to the territories beyond the Mississippi and the foodstuffs and raw materials from the West are funnelled to the Eastern population centres. In addition, large quantities of grain and other goods move southward to the ports on the Gulf of Mexico over such lines as the Illinois Central Gulf, a unit of IC Industries Inc., whose shares were admitted to trading on the London Stock Exchange earlier this year.

Player with railroads: yesterday's metaphor is today's reality. In the corporate headquarters of the various western

cluster round the stronger to form three or four great systems in what has become known as the Quinn Plan. Mr. Quinn's own railway has flung itself at the feet of Burlington Northern Inc. but thus far that prosperous prospective partner, with great expectations from future traffic in low-sulphur Western coal, has spurned its advances. Therein lies the problem throughout the region. Strength seeks strength. But shotgun weddings may lie ahead. In recent legislation the Administration has said in effect: "Realise yourselves or I'll do it for you."

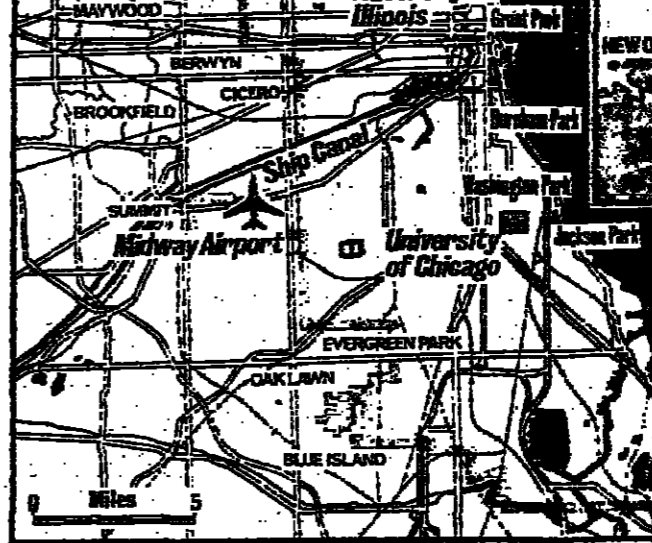
The first formal negotiations to emerge from all the recent merger speculation involve not a regional consolidation on the lines of Mr. Quinn's plan but a job of butt-end joinery that would take the U.S. a long way towards its first transcontinental line. The conferees—both financially strong—are the Southern Railway in the South-East, and the Missouri Pacific, stretching westward to El Paso, Texas. Although the MoPac enters Chicago, the gateways where the two railways abut are Mount Vernon, Illinois, New Orleans, Memphis, and St. Louis, so that

the main thrust would be through the so-called Sun Belt, the southern rim of the country that is thought to be gaining social, political and economic dominance. Rumours abound of counter-balancing East-West combinations that would link the sea coasts and involve Chicago more directly.

Besides serving as the country's rail hub, Chicago is the principal home of the long-haul lorry driver, a colourful character who has begun to assume the folk-hero stature the past century conferred on the cowboy. The city's 2,000 trucking concerns operate 12,000 vehicles and employ 55,000 persons in handling 27m. tons of manufactured goods annually, 10m. more than any other U.S. metropolis.

Chicago's production and transport dominance reflect its strategic location. The average truck shipment from here moves only 230 miles. Draw a 500-mile circle round Chicago and you enclose one-third of America's people, 41 per cent of its manufacturing, 31 per cent of its wholesaling and 33 per cent of its retail trade.

Indeed, transportation is the reason for the city's very



existence. As one map-minded schoolboy infelicitously expressed it: "Chicago is located at the bottom of Lake Michigan." In effect, this means a seaport in the middle of the continent. The port's 31m. tons of cargo a year make it the largest on the Great Lakes, originating one-third of all tonnage leaving the lakes for overseas and berthing nearly 700 overseas ships a year. And because the city is sited where the Chicago River enters the lake (actually, engineers have made it flow the other way), Chicago is linked by water to the Mississippi and the Gulf of Mexico, originating 20m. tons of barge freight a year.

Because the port facilities and heavy industries are concentrated to the South, visitors could not arrive as she had done over the water and see this modern Venice emerging from the morning mists. The royal visitor's host on mundane level, the mayor's lieutenants in the Illinois State legislature are pushing a proposal to give him, rather than the State, control of the port. No one hereabouts is left unaware of the importance of that St. Patrick's great harbour and its rail and

Competition

Some western rail chiefs are not too keen on mergers. Larry Provo of Chicago and North Western thinks increased size creates more problems than it solves and Leonard Murray of the Sno Line, an affiliate of Canadian Pacific, still plumps for rail-versus-rail competition as a warranty of good service to the shipper. But most executives believe the rails have all they can do to compete with other modes of transport and these men agree with William Quinn of Chicago Milwaukee & North Western, who argues that weaker western lines must

Convention centre

"CHICAGO IS a big convention centre for hard products like machinery and tools," bragged a spokesman for McCormick Place, the city's largest exhibition hall, and dismissed New York City as basically catering to "the glamour products—the garment industry and jewellery."

The statement was made with the hard sell and bravado that one learns to expect from Chicagoans when they talk about their city. They like to push it as No. 1 in the nation in any and every possible sector, and among other claims they like to tout it as the nation's No. 1 convention centre.

Conventions mean big revenues for Chicago. Last year alone they brought \$471.6m. in business to the city. According to statistics compiled by the city's Convention Bureau, the windy city played host to 1,067 conventions (meetings with no product displays) with a little over a 400,000 attendance. It opened its doors to 132 trade shows (a convention with product displays) with their 1.5m. participants. And it attracted 3,385 corporate meetings, with just under 1-m. representatives. All of this means money to city merchants.

The biggest spenders are the trade shows. Figures claim that each trade show participant spends \$283.34 per person per day, and stays 2.3 days. This cost is run up by the expense of setting up an exhibition. Conventioners spend only \$188.89 per person per day, saving the same length of time, and the poorest spenders in the top are the participants in corporate meetings, who stay for an average of 1.6 days, and a moderate \$94.45 each.

With trade shows such an important part of the city's convention business, a major drawing card is the better than 1.3m. feet of exhibition space in five major exhibition halls. By far the largest is McCormick Place, with 750,000 square feet. In the opinion of the management of the 3100m. centre all the biggest trade shows in the nation eventually end up there at one time or another.

The plant centre, which offers a total 2.5m. square feet including restaurants, coffee shops, theatres, conference rooms and meeting halls, was the largest in the U.S. when it opened in 1971. It replaced a structure which burned to the ground in 1968.

On an average McCormick Place houses 65 trade shows a year, with an average stay of 14 days per show, five days to set up, four days for the show,

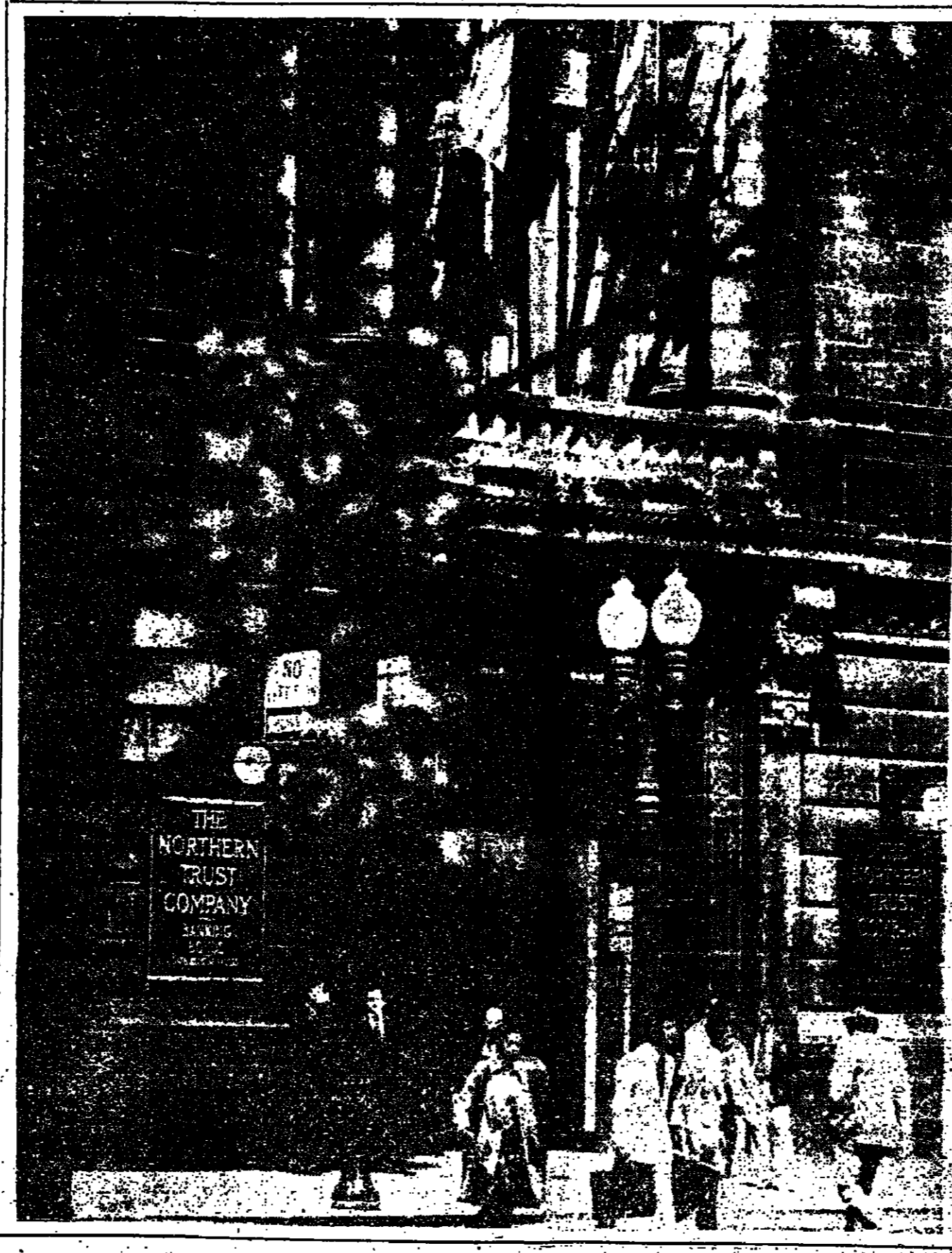
Labour

One issue in recent years has been the centre's demand that trade-show participants employ only union labour through the centre. The suggestion that it has labour problems makes its management hooting mad. It claims that there have been only occasional and isolated problems, magnified by the Press. The malcontents argue that the closed shop has meant some feather-bedding and higher costs for exhibitors. They have their proverbial stone about not being able to lift a hammer without a union carpenter at hand.

Centre management and others in the field publicly dismiss such criticism. Their stance is one of unworried confidence. The statistics, however, are not exactly something to cheer about. Overall convention attendance is up only 1.5 per cent over 1973 (it dipped slightly in 1974), and last year was not quite even with figures published for 1972. Similarly, dollar volume of convention business is only marginally ahead of 1973 tallies. The recession, naturally, carries much of the responsibility for the less than ideal results. Now that the economy is on a better footing, the 1975 totals will give a more accurate picture of exactly where Chicago stands, and how close to the top.

Candace Cumiberti

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CHICAGO VI

Elegance cloaks distress

WHILE IT takes only a taxi ride through downtown Detroit to tell you that the city is, to quote one resident, "dying," a brief visit to central Chicago would suggest that the city is still thriving. The shopping centres (with the exception of the city's one time pride, State Street) look prosperous enough, the many new office buildings, including some of the tallest in the country, elegant enough and the pavements busy enough to suggest that the city as a whole is as flourishing as in days gone by.

It is not until you start looking at the demographic statistics such as those compiled by the University of Illinois College of Urban Sciences, or some of the indicators produced recently by the First National Bank of Chicago, that the depth of the city's problems begin to emerge.

The bank's analysis has been put together partly in response to recent news reports suggesting that Chicago is financially in as bad a state, as some of the other cities of the north east of the U.S. On the basis of the city's budgetary performance, quality of accounting and controls, debt ratios and the comparative position of its pension funds, Chicago makes out a convincing case to explain why it can raise bond finance with a double A rating.

Differences

There can be little doubt that Chicago's leaders are concerned that they will willy nilly be tarred with New York's fiscal ills and suffer accordingly in financial circles. So it is useful to be aware of some of the differences between the two situations, especially in financial terms, before looking at some of the problems.

For one thing, the two city governments are very differently structured. While New York's government is quite centralised, Chicago's has a number of important separate revenue raising structures such as the city itself, Cook County, in which it is located, and the Board of Education. It is argued that this diversity helps the city's debt

structure, although critics contend that it serves to confuse the underlying financial issues.

New York is one of the few U.S. cities to bear the cost of its courts system; it has a large, and hitherto free, college education system and it bears about one quarter of its generous welfare service costs. New York also has around 20 public hospitals (Chicago has one) which are expensive to run and which have allowed its pension fund benefits to get out of control, a prime factor in its financial crisis.

The contrast which Chicago presents in some of these areas (hospitals is one) is marked and goes a long way to explaining why the city has been able to retain its reputation for financial viability. To some extent the contrast can be attributed to the political decisions and influence of Mayor Daley and the stability which his 20 years of rule have given to Chicago's government.

The city itself, for example, spends under 5 per cent of its budget on health and welfare and the bulk of the welfare services it provides are paid for by either the State of Illinois or the Federal Government.

Its system of college education is comparatively small and the students pay for the privilege of attending courses. Its pension fund benefits have been kept under control largely because the Mayor has had no incentive to push deferred pension costs on to a successor — since the successor for so many years has been himself.

Mayor Daley's position in controlling costs of city services (including pension costs) has been reinforced by the lack of collective bargaining in the city. Well-informed sources suggest that municipal wage demands are settled in whatever the Chicago equivalent is of smoke-filled rooms.

But to deduce from these fiscal strengths that Chicago does not have incipient financial problems in some ways similar to those facing other older industrial cities of the North-East is to ignore the immense social problems emerging in the city and the repercussions these can have into the financial system.

The Commercial core of the city and the Ritz Lake Front apartments are now virtually surrounded by an unstable and to a large extent poverty-stricken and unstable Black and Latino (that is Puerto Rican and Mexican) community. As Professor Pierre de Vise of the University of Illinois College of Urban Sciences puts it, Chicago, like many other cities, has become a dumping ground for poor people.

Expensive

He points to the insanity of populating city centres, generally the most expensive places to live in, with the poorest citizens and (in New York's case anyway) compounding the problem by providing welfare benefits which only attract more poor people.

At the centre of Chicago's urban problems, as with other U.S. cities, is the decline in population associated with the flight from the city of White, middle-income, families. The city has been losing population since 1960, but the pace has quickened in recent years.

Between 1970 and 1973 the city lost almost 6 per cent of its population, almost as much as in the previous decade. As the First Chicago study makes clear, the outward migration of Whites has been primarily responsible. Chicago's White population in the 1960-70 period fell by nearly a fifth.

It is not just Whites who are leaving. Manufacturing industry has also been emigrating, either to the suburbs and away from the old inadequate multi-storey plants in the city or to the "sun belt" States of the South and West in search of cheaper and un-united labour. There are now fears that increasing taxation will only accelerate the drift from the city. Between 1967 and 1972 the number of manufacturing establishments in Chicago fell by almost 13.5 per cent.

The results of this substantial shift in population and the influx of a Black and Latino community which now accounts for an estimated 40 per cent of Chicago's 3m. population have been varied.

The education system outside the private schools has deteriorated to the extent that it also has become a factor driving Whites to the suburbs and a major stumbling block in any plans to attract White families back. The housing stock has deteriorated and prices have fallen sharply, with landlords and some owners allowing maintenance to be overlooked. (In New York the problem has been aggravated by rent controls, which are not applied in Chicago.)

Unemployment has become a serious problem in the Black community, particularly among young males, where it is alleged to be running as high as 50 per cent. The property tax base in the city is being eroded at a time when inflation and demands on the protective agencies are forcing up costs. The city is spending in 1978, according to its budget, about 37 per cent of total outgoings on "protection of persons and property," mainly fire and police. (The proportion is to some extent overstated since the city has been losing population since 1960, but the pace has quickened in recent years.)

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According to Professor de Vise one in five of the city's residents are on welfare and one in two of the Black population. He claims that up to two-thirds of the young male Black population are unemployed.

Attempts by the city and the business community to tackle some of these growing urban renewal projects, many of them of a commercial nature such as office development or municipal developments such as college building. The Chicago 21 Plan, which envisages outgoings of as much as \$5bn. over the next 20 or so years is a continuation of this approach, although the scope is being widened. Thus only accelerate the drift from the city. Between 1967 and 1972 the number of manufacturing establishments in Chicago fell by almost 13.5 per cent.

The results of this substantial shift in population and the influx of a Black and Latino community which now accounts for an estimated 40 per cent of Chicago's 3m. population have been varied.

He claims that the development will end up being populated by the better-off and by single people and couples without children. He also says too that the city's financial problems are more deep-rooted than is officially acknowledged and points to the early closing of the school system and cut back in the summer school programme as evidence.

He goes on to argue that the change will produce an inexorable tightening of the city's finances and that only by going outside its current resources for help can it mitigate the problem. One avenue is to get financial help from the Federal Government. Another would be to expand the city's boundary to take in some of the suburban hinterland and so increase its potential tax revenue.

In a recent speech at a convention of U.S. mayors, Mayor Daley himself urged greater federal support for cities, and

the prospective Democratic nominee for Presidency, Mr. Jimmy Carter, has promised Federal Government support if elected. He has made it clear, however, that he does not believe that simply throwing money at urban problems is the solution.

In the background too is the — to many people — inexplicable passive acceptance by the Black community of the inequities it is having to bear. There are fears of racial violence flaring up again, although leaders of both Black and White communities draw attention to positive indicators too. Thus the Rev. Jesse Jackson, a Black leader criticised by some for having been too violent in his rhetoric and lacking in practical planning, is reported to be urging Blacks to take advantage of the legal rights they have been given and live up to their responsibilities.

S.E.



The Loop, an area ripe for redevelopment, to establish a middle-class community in the Loop is under way.

The property market

THE REAL estate market was "so dynamic in the past, in the late 60s and early 70s — every one thought the boom would never end," confessed one observer. But it did, and New York and Chicago were among the worst casualties with Chicago happily taking second place to the Big Apple.

In fact, Chicago appears to have received only minor injuries. There were no major bankruptcies among developers. One major piece of real estate was repossessed, but not written off. There were no staggering write-downs on properties (such as in New York City) and now \$6 per square foot, and have now inched into the \$6.50-7.00 range. That is still behind rates for new space, which runs at \$10.00-11.00. Prime space is about \$12 and the top of the example, reported an occupancy rate of 87.1 per cent in May '84.

Some of the statistics have not changed. Members of the Building Managers Association, for example, reported an occupancy rate of 87.1 per cent in May '84. This figure, a local indicator of health of the real estate market, is little changed from last October. Other factors have convinced observers that although rentals enough to justify future development.

Building managers, for example, are becoming more demanding in their dealings with prospective tenants, claims a real estate expert at Continental Illinois. They have ceased to give away months of free rent

to induce a client to sign a lease. They are far less willing to make vast improvements or changes in the interior space seeking the less expensive life of the suburbs.

These problems are rare but not unique in Chicago, nor are they new — but for the first time city government is worried enough to form an industrial development commission, which it hopes will at least be able to stem the flow of business from the city, even if it cannot successfully turn the tide.

The new commission, appointed only a few months ago, held its first meeting last Monday. Its chairman is Thomas G. Ayers, chairman and chief executive officer of Commonwealth Edison. Mr. Ayers and his fellow members of the business community have their task cut out for them: some question as to exactly how much real power and impact they will have. One highly placed government official suggested that subsidies from city and State coffers to attract new investment and new business were out of the question — already the commission is facing sensitive issues.

It is also facing very real problems. Thus far this year two tenants routing 95,000 square feet of space moved from Chicago to other States. Many Northern cities are suddenly

being confronted with a petition from South Western for lower cost of living labour, often non to some almost attraction.

The question is: can a city like Chicago, in a social problem climate favourable at the same time to remedy social ills, think about its inner city life. A and glossy by appeared on behalf of Department of Planning, promote 21 — a plan for communities adjacent to central business.

It is billed as a next century, and a community which relations matter continued to progress. It is the kind of that looks good of progressive and a visible result for come will fill the One hopes this development com

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|---|-------------------|
| Cash and Due from Banks..... | \$ 709,106,539 |
| Time Deposits in Other Banks..... | 309,375,900 |
| Federal Funds Sold and Securities Purchased under Agreement to Resell..... | 332,528,125 |
| Investment Securities: | |
| U.S. Treasury Securities..... | 257,862,557 |
| State and Municipal Securities..... | 357,741,278 |
| Other Securities..... | 5,749,562 |
| Trading Account Securities..... | 157,907,435 |
| Loans, net of Unearned Discount..... | 1,807,237,945 |
| Less: Reserve for Possible Loan Losses..... | (25,539,364) |
| Direct Lease Financing..... | 57,956,353 |
| Customers Acceptance Liability..... | 29,778,876 |
| Bank Premises and Equipment..... | 87,503,045 |
| Other Assets..... | 66,037,747 |
| Total Assets..... | \$4,153,245,998 |
| LIABILITIES | |
| Demand Deposits..... | \$1,232,784,607 |
| Savings Deposits and Certificates..... | 654,660,023 |
| Other Time Deposits..... | 862,437,384 |
| Deposits in Foreign Offices..... | 438,698,644 |
| Total Deposits..... | \$3,188,580,658 |
| Federal Funds Purchased and Other Short Term Borrowings..... | 562,841,325 |
| Acceptances Outstanding..... | 29,814,155 |
| Accrued Interest, Taxes and Other Expenses..... | 57,287,171 |
| Mortgage Payable..... | 3,689,738 |
| Other Liabilities..... | 42,904,124 |
| Total Liabilities..... | \$3,885,117,171 |
| EQUITY CAPITAL | |
| Capital Stock (\$16 Par Value) Authorized and Outstanding 3,137,815 shares..... | \$ 50,205,040 |
| Surplus..... | 83,921,460 |
| Surplus Arising from Assumption of Convertible Capital Notes by Parent Company..... | 24,058,400 |
| Undivided Profits..... | 109,943,927 |
| Equity Capital..... | \$ 268,128,827 |
| Total Liabilities and Equity Capital..... | \$4,153,245,998 |

Harris Trust and Savings Bank

Wholly owned subsidiary of HARRIS BANKCORP., Inc.

MAIN BANKING PREMISES: 111 West Monroe Street, Chicago, Illinois 60690

OPERATIONS CENTER AND BANKING FACILITY: 311 West Monroe Street, Chicago, Illinois 60690

INVESTMENT DEPARTMENT REPRESENTATIVE OFFICES: New York; St. Louis; San Francisco

LONDON BRANCH: 48/54 Moorgate, London, EC2P 2DH, England

Johannes G. van Thiel, Senior Vice President

Robert E. Vanden Bosch, Vice President & General Manager

Telephone 01-628-5261; Telex 884932

INTERNATIONAL OFFICES: Mexico City; Nassau; São Paulo; Singapore

Harris Bank International Corporation: 77 Water Street, New York, N.Y. 10005

Harris Bank Leasing, Inc.: 111 West Monroe Street, Chicago, Illinois 60690

Wholly owned subsidiaries of HARRIS TRUST AND SAVINGS BANK

ORGANIZED AS N.W. HARRIS & CO., 1882 • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION, FEDERAL RESERVE SYSTEM

DIRECTORS

WILLIAM F. MURRAY
Chairman of the Board
STANLEY G. HARRIS, JR.
Vice Chairman of the Board
CHALKLEY J. HAMBLETON
President

BENNETT ARCHAMBAULT
Chairman and President
Stewart-Warner Corporation
JOHN W. BAIRD
President

Baird & Warner, Inc.
JOSEPH A. BURNHAM
President and Chief Executive Officer
Marshall Field & Company

JAMES W. BUTTON
Senior Executive Vice President—
Merchandising, and Director
Sears, Roebuck and Co.
SAMUEL S. GREELEY
President and Chief Executive Officer

Masonite Corporation
ROBERT C. GUNNESS
Retired Vice Chairman of the Board
Standard Oil Company (Indiana)
HUNTINGTON HARRIS

Trustee
Estate of Norman W. Harris
DONALD P. KELLY
President and Chief Operating Officer
Essex, Inc.

JOSEPH B. LANTERMAN
Chairman
AMST Industries Incorporated
REMICK McDOWELL
Retired Chairman of the Executive Committee

Peoples Gas Company
ARTHUR C. NIELSEN, JR.
Chairman of the Board
A. C. Nielsen Company
JAMES E. OLSON
President

Illinois Bell Telephone Co.
GEORGE A. RANNEY
Vice Chairman
Inland Steel Company
DANIEL C. SEARLE
Chief Executive Officer
G. D. Searle & Co.

MAYNARD P. VENEMA
Director and past Chairman of the Board
UOP, Inc.

Lloyds Bank Group in Chicago.

Lloyds Bank International, Chicago Office:
Sears Tower, 233 South Wacker Drive,
Chicago, Illinois 60606.
Telephone: (312) 876 0181.

Other offices of the Lloyds Bank Group
in the U.S.A:

Lloyds Bank International Limited,
95 Wall Street, New York, New York 10005
Telephone: (212) 825 4900.

Lloyds Bank California:
548 South Spring Street, Los Angeles,
California 90013. Telephone: 213-629-438
and 100 other branches throughout
the State of California.



LLOYDS BANK INTERNATIONAL

40/66 Queen Victoria St., London EC4P 4EL Tel. 01-248 8822
A member of the Lloyds Bank Group

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FT SHARE INFORMATION SERVICE

HOVELS—Continued

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

INDUSTRIALS (Mixed)

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

FOOD, GROCERIES, ETC.

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

HOVELS AND CATERERS

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

ENGINEERING—Continued

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

ELECTRICAL AND RADIO

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

BUILDING INDUSTRY—Continued

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

RANKS AND HIRE PURCHASE

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

CHEMICALS, PLASTICS

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

BEERS, WINES AND SPIRITS

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

CINEMAS, THEATRES AND TV

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

BUILDING INDUSTRY, TIMBER & ROADS

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

DRAPERY AND STORES

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

BRITISH FUNDS

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

INTERNATIONAL BANK

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

CORPORATION BONDS

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

COMMONWEALTH & AFRICAN BONDS

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

FOREIGN BONDS & RAILS

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

AMERICANS

| Stock | Price | % Chg | Div | Yield |
|-------|-------|-------|------|-------|
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |
| Adlon | 100 | + | 1.00 | 1.00 |

Conversion factor 0.8770 (0.8661)

July 13 1970

TRUSTS—Continued

[illegible]

| | Div | Net | Cur | Grd |
|---|------|-----|------|-----|
| 5 | Q75c | 0 | 11.3 | |
| 0 | Q25c | 0 | 9.9 | |
| 0 | Q55c | 0 | 11.6 | |
| 0 | Q75c | 1 | 7.7 | |
| 0 | Q37c | 1 | 1.0 | |
| 0 | Q90c | 0 | 10.0 | |
| 0 | Q47c | 0 | 7.2 | |
| 0 | Q80c | 0 | 7.2 | |
| 0 | Q90c | 1 | 1.1 | |
| 0 | Q37c | 2 | 2.2 | |
| 0 | Q40c | 2 | 2.2 | |

| | | |
|-----|-----|------|
| 0.7 | 6.1 | 34.5 |
| 1.0 | 4.6 | 22.7 |

| | | | |
|-----|-----|-----|-----------|
| 11 | 66 | 43 | Alber |
| 12 | 22 | 28 | Aldrich |
| 13 | 36 | 57 | Allen |
| 14 | 27 | 3 | Anderson |
| 15 | 21 | 18 | Armstrong |
| 16 | 57 | 23 | Asch |
| 17 | 61 | 13 | Asch |
| 18 | 170 | 143 | Asch |
| 19 | 199 | 39 | Asch |
| 20 | 150 | 20 | Asch |
| 21 | 27 | 220 | Asch |
| 22 | 27 | 10 | Asch |
| 23 | 62 | 22 | Asch |
| 24 | 11 | 13 | Asch |
| 25 | 91 | 17 | Asch |
| 26 | 21 | 40 | Asch |
| 27 | 33 | 12 | Asch |
| 28 | 164 | 12 | Asch |
| 29 | 28 | 32 | Asch |
| 30 | 65 | 21 | Asch |
| 31 | 133 | 18 | Asch |
| 32 | 93 | 22 | Asch |
| 33 | 43 | 19 | Asch |
| 34 | 26 | 24 | Asch |
| 35 | 24 | 19 | Asch |
| 36 | 1 | 1 | Asch |
| 37 | 1 | 1 | Asch |
| 38 | 1 | 1 | Asch |
| 39 | 1 | 1 | Asch |
| 40 | 1 | 1 | Asch |
| 41 | 1 | 1 | Asch |
| 42 | 1 | 1 | Asch |
| 43 | 1 | 1 | Asch |
| 44 | 1 | 1 | Asch |
| 45 | 1 | 1 | Asch |
| 46 | 1 | 1 | Asch |
| 47 | 1 | 1 | Asch |
| 48 | 1 | 1 | Asch |
| 49 | 1 | 1 | Asch |
| 50 | 1 | 1 | Asch |
| 51 | 1 | 1 | Asch |
| 52 | 1 | 1 | Asch |
| 53 | 1 | 1 | Asch |
| 54 | 1 | 1 | Asch |
| 55 | 1 | 1 | Asch |
| 56 | 1 | 1 | Asch |
| 57 | 1 | 1 | Asch |
| 58 | 1 | 1 | Asch |
| 59 | 1 | 1 | Asch |
| 60 | 1 | 1 | Asch |
| 61 | 1 | 1 | Asch |
| 62 | 1 | 1 | Asch |
| 63 | 1 | 1 | Asch |
| 64 | 1 | 1 | Asch |
| 65 | 1 | 1 | Asch |
| 66 | 1 | 1 | Asch |
| 67 | 1 | 1 | Asch |
| 68 | 1 | 1 | Asch |
| 69 | 1 | 1 | Asch |
| 70 | 1 | 1 | Asch |
| 71 | 1 | 1 | Asch |
| 72 | 1 | 1 | Asch |
| 73 | 1 | 1 | Asch |
| 74 | 1 | 1 | Asch |
| 75 | 1 | 1 | Asch |
| 76 | 1 | 1 | Asch |
| 77 | 1 | 1 | Asch |
| 78 | 1 | 1 | Asch |
| 79 | 1 | 1 | Asch |
| 80 | 1 | 1 | Asch |
| 81 | 1 | 1 | Asch |
| 82 | 1 | 1 | Asch |
| 83 | 1 | 1 | Asch |
| 84 | 1 | 1 | Asch |
| 85 | 1 | 1 | Asch |
| 86 | 1 | 1 | Asch |
| 87 | 1 | 1 | Asch |
| 88 | 1 | 1 | Asch |
| 89 | 1 | 1 | Asch |
| 90 | 1 | 1 | Asch |
| 91 | 1 | 1 | Asch |
| 92 | 1 | 1 | Asch |
| 93 | 1 | 1 | Asch |
| 94 | 1 | 1 | Asch |
| 95 | 1 | 1 | Asch |
| 96 | 1 | 1 | Asch |
| 97 | 1 | 1 | Asch |
| 98 | 1 | 1 | Asch |
| 99 | 1 | 1 | Asch |
| 100 | 1 | 1 | Asch |

| | | |
|-------|-----|------|
| Q14e | 14 | 87 |
| Q15a | 13 | + |
| Q26c | 0 | 11.2 |
| Q6c | 0.5 | 7.7 |
| Q13b | 13 | + |
| Q12e | 22 | + |
| Q10d | 12 | + |
| Q25e | 17 | + |
| Q17e | 12 | + |
| Q13b | 28 | 4.6 |
| Q33c | 17 | 1.7 |
| Q10d | 13 | + |
| Q105c | 4 | 54.1 |
| Q76 | 2.6 | 89.9 |
| Q7 | 17 | 10.3 |
| Q140 | 1.5 | 9.5 |
| Q211e | 21 | 7.6 |
| Q105c | 13 | 8.9 |
| Q162c | 2.5 | 5.3 |
| Q35c | 0 | 6.2 |
| Q201e | — | 11.7 |
| Q201e | 10 | 11.7 |
| Q201e | 10 | 11.7 |
| Q201e | 10 | 11.7 |

| | | | | | |
|-----|-----|------|-----------|-----------------|------|
| 0.7 | 5.6 | 24.7 | 10^{13} | 790 | Mass |
| 1.2 | 5.0 | 26.1 | 21 | $15\frac{1}{2}$ | N.M. |
| | | | 47 | 15 | N.M. |

| | | | | | |
|----|-----|----|-----|-----|------|
| 1 | 3.4 | 97 | 100 | 145 | Papp |
| 2 | 3.4 | 97 | 100 | 145 | Park |
| 3 | 1.6 | 13 | 16 | 64 | Park |
| 4 | 1.6 | 13 | 16 | 64 | Park |
| 5 | 1.6 | 13 | 16 | 64 | Park |
| 6 | 1.6 | 13 | 16 | 64 | Park |
| 7 | 1.6 | 13 | 16 | 64 | Park |
| 8 | 1.6 | 13 | 16 | 64 | Park |
| 9 | 1.6 | 13 | 16 | 64 | Park |
| 10 | 1.6 | 13 | 16 | 64 | Park |
| 11 | 1.6 | 13 | 16 | 64 | Park |
| 12 | 1.6 | 13 | 16 | 64 | Park |
| 13 | 1.6 | 13 | 16 | 64 | Park |
| 14 | 1.6 | 13 | 16 | 64 | Park |
| 15 | 1.6 | 13 | 16 | 64 | Park |
| 16 | 1.6 | 13 | 16 | 64 | Park |
| 17 | 1.6 | 13 | 16 | 64 | Park |
| 18 | 1.6 | 13 | 16 | 64 | Park |
| 19 | 1.6 | 13 | 16 | 64 | Park |
| 20 | 1.6 | 13 | 16 | 64 | Park |
| 21 | 1.6 | 13 | 16 | 64 | Park |
| 22 | 1.6 | 13 | 16 | 64 | Park |
| 23 | 1.6 | 13 | 16 | 64 | Park |
| 24 | 1.6 | 13 | 16 | 64 | Park |
| 25 | 1.6 | 13 | 16 | 64 | Park |
| 26 | 1.6 | 13 | 16 | 64 | Park |
| 27 | 1.6 | 13 | 16 | 64 | Park |
| 28 | 1.6 | 13 | 16 | 64 | Park |
| 29 | 1.6 | 13 | 16 | 64 | Park |
| 30 | 1.6 | 13 | 16 | 64 | Park |
| 31 | 1.6 | 13 | 16 | 64 | Park |
| 32 | 1.6 | 13 | 16 | 64 | Park |
| 33 | 1.6 | 13 | 16 | 64 | Park |
| 34 | 1.6 | 13 | 16 | 64 | Park |
| 35 | 1.6 | 13 | 16 | 64 | Park |
| 36 | 1.6 | 13 | 16 | 64 | Park |
| 37 | 1.6 | 13 | 16 | 64 | Park |
| 38 | 1.6 | 13 | 16 | 64 | Park |
| 39 | 1.6 | 13 | 16 | 64 | Park |
| 40 | 1.6 | 13 | 16 | 64 | Park |
| 41 | 1.6 | 13 | 16 | 64 | Park |
| 42 | 1.6 | 13 | 16 | 64 | Park |
| 43 | 1.6 | 13 | 16 | 64 | Park |
| 44 | 1.6 | 13 | 16 | 64 | Park |
| 45 | 1.6 | 13 | 16 | 64 | Park |
| 46 | 1.6 | 13 | 16 | 64 | Park |
| 47 | 1.6 | 13 | 16 | 64 | Park |
| 48 | 1.6 | 13 | 16 | 64 | Park |
| 49 | 1.6 | 13 | 16 | 64 | Park |
| 50 | 1.6 | 13 | 16 | 64 | Park |
| 51 | 1.6 | 13 | 16 | 64 | Park |
| 52 | 1.6 | 13 | 16 | 64 | Park |
| 53 | 1.6 | 13 | 16 | 64 | Park |
| 54 | 1.6 | 13 | 16 | 64 | Park |
| 55 | 1.6 | 13 | 16 | 64 | Park |
| 56 | 1.6 | 13 | 16 | 64 | Park |
| 57 | 1.6 | 13 | 16 | 64 | Park |
| 58 | 1.6 | 13 | 16 | 64 | Park |
| 59 | 1.6 | 13 | 16 | 64 | Park |
| 60 | 1.6 | 13 | 16 | 64 | Park |
| 61 | 1.6 | 13 | 16 | 64 | Park |
| 62 | 1.6 | 13 | 16 | 64 | Park |
| 63 | 1.6 | 13 | 16 | 64 | Park |
| 64 | 1.6 | 13 | 16 | 64 | Park |
| 65 | 1.6 | 13 | 16 | 64 | Park |
| 66 | 1.6 | 13 | 16 | 64 | Park |
| 67 | 1.6 | 13 | 16 | 64 | Park |
| 68 | 1.6 | 13 | 16 | 64 | Park |
| 69 | 1.6 | 13 | 16 | 64 | Park |
| 70 | 1.6 | 13 | 16 | 64 | Park |
| 71 | 1.6 | 13 | 16 | 64 | Park |
| 72 | 1.6 | 13 | 16 | 64 | Park |
| 73 | 1.6 | 13 | 16 | 64 | Park |
| 74 | 1.6 | 13 | 16 | 64 | Park |
| 75 | 1.6 | | | | |

| | | | |
|-------------|-----|------|------|
| 3.0 | 0 | 0 | 2.0 |
| 117.87 | 2.0 | 15.7 | 2.1 |
| Q65c | 2.0 | 1.0 | 1.0 |
| Q36c | 1.0 | 1.0 | 1.0 |
| Q42c | 1.4 | 1.4 | 1.4 |
| Q63c | 1.2 | 1.2 | 1.2 |
| ENUM | | | |
| Q244c | 1.6 | 5.4 | 1.6 |
| Q65c | 2.2 | 2.2 | 2.2 |
| Q28c | 2.2 | 2.2 | 2.2 |
| Q200c | 0 | 11.3 | 0 |
| Q23c | 1.5 | 1.7 | 1.7 |
| Q65c | 1.1 | 1.6 | 1.6 |
| Q64c | 1.0 | 1.9 | 1.9 |
| Q65c | 1.0 | 1.8 | 1.8 |
| N | | | |
| Q234c | 2.1 | 1 | 2.1 |
| Q295c | 6.9 | 7.2 | 6.9 |
| Q56 | 1.9 | 7.2 | 1.9 |
| Q10.0 | 0 | 6.2 | 0 |
| Q10.0 | 0 | 18.0 | 11.1 |
| Q65c | 1.3 | 16.6 | 1.3 |
| Q75c | 3.2 | 4.4 | 3.2 |
| Q7c | | | |
| Q10c | 0 | 2.0 | 0 |

| | | | |
|-----|----|----|--------|
| 5.7 | 46 | 34 | Cent |
| 6.4 | 27 | 19 | Cle Pr |

[illegible]

| | | |
|--------|-----|------|
| Q1010c | 1.8 | 2 |
| Q105c | 2.4 | 2 |
| Q9c | 1.4 | 3.0 |
| Q106c | 1.3 | 5.2 |
| Q15c | 0 | 1.7 |
| Q109c | 0.8 | 2 |
| 5.62 | 1.6 | 21.6 |
| 713.0 | 1.8 | 7.8 |
| 1.75 | 0 | 10.8 |
| Q1015 | 0 | 7.8 |
| 1.0 | 1.0 | 11.8 |
| 312 | 2.3 | 2 |
| 11.0 | 1.3 | 2 |
| 7.15 | 1.9 | 16.4 |
| 37.0 | 1.2 | 2 |
| Q1010 | 1.2 | 20.0 |
| 107.0 | 1.3 | 2 |
| 2.0 | 8.0 | 2 |

| | | | | | |
|----|------|------|-----|-----|---------|
| 12 | 4.7 | 27.1 | 12 | 5 | Carroll |
| 15 | 19.2 | 8.1 | 138 | 218 | Finlay |
| — | — | — | 202 | 128 | Gill & |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 70 | 79 | 67 | 64 | 66 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----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| | | |
|--------|-----|------|
| 1.25 | — | 5.0 |
| 2.5 | 2.5 | 4.3 |
| 10.7 | 1.5 | — |
| — | 0.9 | 9.4 |
| 20.0 | — | 5.0 |
| 2.0 | 0.9 | 15.2 |
| 10.23% | — | — |
| 4.29 | 2.0 | 6.1 |

| | | |
|--------|-----|-----|
| 10.35c | 1.9 | 7.7 |
|--------|-----|-----|

| | | |
|--------|-----|-----|
| 0.1 | φ | 2.0 |
| 10.00c | 1.8 | 5.1 |
| — | — | — |
| 5.42 | 2.1 | 3.9 |
| — | — | — |
| 2.17 | φ | 3.9 |

| | | | | | |
|-----|-----|------|------------------|------------------|-------|
| 1.0 | 4.6 | 32.8 | 48 | 361 ₂ | Konk |
| 1.9 | 1.6 | 70.5 | 34 | 221 ₂ | Kufim |
| | | | 611 ₂ | 401 ₂ | Ldu.A |

| | | | | | |
|----|---|-------|-----|----|-----|
| 11 | 6 | 2,920 | 100 | 30 | Lo. |
| 12 | 6 | 1,575 | 100 | 36 | Lo. |
| 13 | 6 | 1,575 | 100 | 36 | Lo. |
| 14 | 6 | 1,575 | 100 | 36 | Lo. |
| 15 | 6 | 1,575 | 100 | 36 | Lo. |
| 16 | 6 | 1,575 | 100 | 36 | Lo. |
| 17 | 6 | 1,575 | 100 | 36 | Lo. |
| 18 | 6 | 1,575 | 100 | 36 | Lo. |
| 19 | 6 | 1,575 | 100 | 36 | Lo. |
| 20 | 6 | 1,575 | 100 | 36 | Lo. |
| 21 | 6 | 1,575 | 100 | 36 | Lo. |
| 22 | 6 | 1,575 | 100 | 36 | Lo. |
| 23 | 6 | 1,575 | 100 | 36 | Lo. |
| 24 | 6 | 1,575 | 100 | 36 | Lo. |
| 25 | 6 | 1,575 | 100 | 36 | Lo. |
| 26 | 6 | 1,575 | 100 | 36 | Lo. |
| 27 | 6 | 1,575 | 100 | 36 | Lo. |
| 28 | 6 | 1,575 | 100 | 36 | Lo. |
| 29 | 6 | 1,575 | 100 | 36 | Lo. |
| 30 | 6 | 1,575 | 100 | 36 | Lo. |
| 31 | 6 | 1,575 | 100 | 36 | Lo. |
| 32 | 6 | 1,575 | 100 | 36 | Lo. |
| 33 | 6 | 1,575 | 100 | 36 | Lo. |
| 34 | 6 | 1,575 | 100 | 36 | Lo. |
| 35 | 6 | 1,575 | 100 | 36 | Lo. |
| 36 | 6 | 1,575 | 100 | 36 | Lo. |
| 37 | 6 | 1,575 | 100 | 36 | Lo. |
| 38 | 6 | 1,575 | 100 | 36 | Lo. |
| 39 | 6 | 1,575 | 100 | 36 | Lo. |
| 40 | 6 | 1,575 | 100 | 36 | Lo. |
| 41 | 6 | 1,575 | 100 | 36 | Lo. |
| 42 | 6 | 1,575 | 100 | 36 | Lo. |
| 43 | 6 | 1,575 | 100 | 36 | Lo. |
| 44 | 6 | 1,575 | 100 | 36 | Lo. |
| 45 | 6 | 1,575 | 100 | 36 | Lo. |
| 46 | 6 | 1,575 | 100 | 36 | Lo. |
| 47 | 6 | 1,575 | 100 | 36 | Lo. |
| 48 | 6 | 1,575 | 100 | 36 | Lo. |
| 49 | 6 | 1,575 | 100 | 36 | Lo. |
| 50 | 6 | 1,575 | 100 | 36 | Lo. |
| 51 | 6 | 1,575 | 100 | 36 | Lo. |
| 52 | 6 | 1,575 | 100 | 36 | Lo. |
| 53 | 6 | 1,575 | 100 | 36 | Lo. |
| 54 | 6 | 1,575 | 100 | 36 | Lo. |
| 55 | 6 | 1,575 | 100 | 36 | Lo. |
| 56 | 6 | 1,575 | 100 | 36 | Lo. |
| 57 | 6 | 1,575 | 100 | 36 | Lo. |
| 58 | 6 | 1,575 | 100 | 36 | Lo. |
| 59 | 6 | 1,575 | 100 | 36 | Lo. |
| 60 | 6 | 1,575 | 100 | 36 | Lo. |
| 61 | 6 | 1,575 | 100 | 36 | Lo. |
| 62 | 6 | 1,575 | 100 | 36 | Lo. |
| 63 | 6 | 1,575 | 100 | 36 | Lo. |
| 64 | 6 | 1,575 | 100 | 36 | Lo. |
| 65 | 6 | 1,575 | 100 | 36 | Lo. |
| 66 | 6 | 1,575 | 100 | 36 | Lo. |
| 67 | 6 | 1,575 | 100 | 36 | Lo. |
| 68 | 6 | 1,575 | 100 | 36 | Lo. |
| 69 | 6 | 1,575 | 100 | 36 | Lo. |
| 70 | 6 | 1,575 | 100 | 36 | Lo. |
| 71 | 6 | 1,575 | 100 | 36 | Lo. |
| 72 | 6 | 1,575 | 100 | 36 | Lo. |
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Cunard's MFC bid has cool reception

BY JOHN WYLES, SHIPPING CORRESPONDENT

CUNARD Steam Ship Company's bid to acquire the 16 British flag ships belonging to Maritime Freight Company has been given a cool reception by some of the banks holding first mortgages on the vessels.

MFC's main creditors, which include the Government as well as banks, now have independent powers to sell most of the ships following the Israeli-American company's default on loan arrangements.

Cunard's offer was made on Friday and by yesterday there were strong indications that several creditors believe that they can secure better sale prices than the average \$6.6m. (£3.6m.) per ship offered by Cunard, a subsidiary of Trafalgar House Investments.

It is understood that several other major "refrigerated" ship operators, including the Western Group's Blue Star Line, have expressed strong interest in buying sections of MFC's 16-strong British flag fleet. Prices being discussed with various operators

range up to \$7.6m. per ship, but it is open to question whether this level would be sustained if the ships were all sold over a short period.

The Government, which effectively owns and controls six MFC ships following "mortgagee in possession" proceedings initiated last week, has yet to reveal its attitude to the Cunard offer. But with \$35m. Government money at stake in loans and guarantees to MFC, Whitehall is likely to be looking for the best financial deal consistent with retaining the ships under the British flag.

Lorrho, too

The prospect that creditors could now start selling ships piecemeal puts further pressure on MFC's board to agree an early rescue deal with at least one of the investing groups whose contacts with the company over the last few weeks have ranged from intense negotiation to lukewarm interest.

MFC confirmed yesterday that

Lorrho, the mining and industrial group, had been involved in discussions with the company's joint managing directors, Captain Milla Brenner and Mr. Yacov Meridor. Lorrho refused to comment on the matter or to discuss the degree of its interest in MFC.

The MFC Board is due to be called together to-day or tomorrow, probably in London, despite indications from Captain Brenner last Friday that it would be in New York. Apart from discussing Cunard's offer, the Board will also consider the \$15m. offer from the so-called Moreno group (named after a Venezuelan businessman), and a \$25m. proposal from four American companies.

The status of these proposals would be changed if substantial numbers of MFC ships were sold by creditors within the next week or two.

Meanwhile, MFC has withdrawn its request for a \$7m. loan guarantee from the Israeli Government.

Benn committee takes issue with Healey economic strategy

BY PETER HENNESSY, LOBBY CORRESPONDENT

MR. DENIS HEALEY, Chancellor of the Exchequer, will be confronted later this week by a Labour Party group which bluntly contradicts the essential elements of the Government's economic strategy.

The party's home policy committee, chaired by Mr. Anthony Wedgwood Benn, the Energy Secretary, last night endorsed a quarterly economic report written by Mr. Geoff Bish, research secretary at Transport House. His paper argued that further spending cuts of £1bn. on next year's estimates will have a disastrous effect on the economy and a minimal effect on the borrowing requirement and the balance of payments.

It proposes instead that the Government should introduce temporary import controls of 15 per cent. on two thirds of Britain's manufactured and semi-manufactured imports, backed by selective import quotas.

The committee decided to seek a meeting with the Chancellor to enable them to discuss with him the document's refutation of his arguments.

Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, was the only other Minister present at the meeting with Mr. Benn. She indicated her complete agreement to the views expressed in the economic document before leaving to address a meeting in the Thurrock by-election.

Mrs. Barbara Castle, former Secretary for the Social Services, was outspoken in her criticism of the Chancellor for failing to consult the Home Policy Committee about the Government's proposed cuts in public expenditure.

Mr. Callaghan will appear to be faced once more by a stark contradiction of the Government's collective Cabinet responsibility by his Energy Secretary. Mr. Bish's document in no sense coincides with Government policy and the decision to accept it was taken unanimously.

The committee also passed without dissent a second Transport House document urging the Government to nationalise four clearing banks, one merchant

and the seven leading insurance companies. The paper will be before a full meeting of Labour's National Executive Committee on July 23 when the Prime Minister is expected to lead a full-scale assault upon its findings.

Tribune MPs sure cuts of £1bn. will go ahead

BY RICHARD EVANS, LOBBY EDITOR

MEMBERS of the Tribune group of Left-wing Labour MPs left a two-hour meeting last night with Mr. Denis Healey, Chancellor, convinced that cuts of about £1bn. in public expenditure programmes during the next financial year will go ahead as proposed despite their passionate protests.

Mr. Healey, in part of an energetic "selling up" process among Labour MPs, argued that the cuts, although painful, were vital because of the need to transfer more resources into manufacturing industry. By all accounts he gave no ground to his party critics on the Left who are more certain than ever that cuts will affect a wide range of cherished party programmes including the social services, housing, education and transport.

The Chancellor confirmed that the Cabinet would get down to detailed discussions on Thursday on the size and composition of the cuts in 1977-78 and gave the impression that a Commons statement would be made next week if possible or, in any event, during the following week. Mr. Healey and Mr. Callaghan will continue party soundings on Wednesday when they address the full Parliamentary Labour Party.

The one promise that Mr.

Healey appeared to give was not to return to the Party next year with a package of more spending cuts. He gave the impression that the current exercise was intended to be sufficiently harsh to ensure that no more were needed.

But this was not enough to placate the Tribune Group. A collective decision has not been taken, but veiled warnings were given after the meeting that the Government could not rely on Left-wing support in the Commons if cuts turned out to be as savage as speculation suggested.

We were left in no doubt from what the Chancellor said that something unpleasant is about to happen," Mr. Arthur Latham, chairman of the Tribune group, said gloomily after the meeting. Their hope was that sober exchanges might have some influence on the nature of the package. "But whether we have sufficient influence to make the package acceptable is highly doubtful," he added.

Main points made by the MP group were that the Government should not allow a 20-minute opening statement from the Chancellor to highlight the danger of shifting resources to industry with no guarantee that these would be used efficiently.

NUR seeks 50% union members on Rail Board

BY CHRISTIAN TYLER, LABOUR STAFF

HALF the seats on the British Rail Board should be filled by members of trade unions, the National Union of Railwaymen has told the Government in reply to a Ministry questionnaire on industrial democracy.

Criticising the present consultative system, the union says that in addition to worker directors there must be "active worker participation at every level—not only in British Rail but in British Waterways, the National Freight Corporation and the National Bus Company.

This is the first detailed submission to the Whitehall inquiry into industrial democracy in the public sector to be revealed. Virtually all the demands made by the NUR come in answer to questions from the Department of the Environment.

The NUR does not accept that 50-50 representation will mean stalemate in the Boardroom. It rejects the idea of supervisory Boards as practised on the Continent and proposed by the TUC.

Other major unions have treated this inquiry—which is running parallel to the more formal Bullock Committee investigation into the private sector—with some scepticism.

The Transport and General Workers' Union, while calling for parity on State Boards, last week said it was not satisfied with the formal of the Whitehall exercise. The Electrical and Plumbing Trades Union has refused to answer a questionnaire, while the General and Municipal Workers' Union has given no formal reply.

But the NUR's detailed answer generally follows the TUC line. Worker directors, it says, should not simply represent workers' interests but take a broader industry view. They should be bound by the same considerations of confidentiality, accepting responsibility for unpopular and unpopular Boardroom decisions alike.

Consensus should in principle have some say at Board level—although this might be problematical to arrange—but not at lower levels.

Asked how decisions are to be taken if a Board splits on an issue, the NUR says it believes most decisions will be arrived at without the need for a show of hands.

Only in extreme cases would a union wish to revoke the appointment of a worker director. He or she should be allowed to disagree in public with Board decisions without having to resign.

Dealing with the thorny question of representation for non-unionists and managers, the NUR says the problem does not arise in its industries, where closed shops have been negotiated.

It says that there is no reason why a worker director should not at the same time be a full-time union official or someone involved in wage bargaining.

The NUR's case was explained yesterday by Mr. Sid Weighell, general secretary, in a long speech to delegates at the union's annual conference in Paignton, Devon. They unanimously supported a resolution instructing the union's leaders to seek full participation and joint control in companies where the 100,000 member NUR is recognised.

A report on industrial democracy in the public sector is expected to emerge alongside the findings of the Bullock Committee this winter, and will be used as the basis of legislation proposed by the Government for next session.

Before that, a separate Bill is expected to be published to set up worker participation in the public sector, perhaps for a one-year trial period.

The final stage of Southern Region rail cuts intended to save £2.5m. to £3m. in the current year is to be announced to-day. Major cuts in week-end services came into effect from April 20, and BR will give details of Sunday station closures and service reductions to be enforced from October next.

Earlier in the year BR predicted the closure of up to 180 stations on Sundays but the announcement is likely to involve only around 30.

Survival in doubt Page 13

Three new issues likely this month

BY TERRY WILKINSON

THERE WERE strong indications yesterday that there could be three major new issues in the offing, after an interval on the Stock Exchange of three years.

Already known are the offers for sale from Harrow Life, scheduled for next Monday, and International Meat, traders Thomas Borthwick and Sons a week later. Both are expected to raise around £10m. as is a third unidentified issue, which is likely to be announced before the end of the month.

Such a bunching of offers may seem unusual, after a three-year absence on the market, and the entry of a third candidate has caused Morgan Grenfell, merchant bankers to the Borthwick issue, to put back the "impact day" for its underwriting arrangements from July 22 to July 23.

Sunny at first, cloudy later. Lakes, L. of Man, S.W. Scotland, Argyll, N. Ireland. Sunny at first, showers later. B. of Ireland, S.W. Scotland, Aberdeen, Glasgow, Cent. Highlands. Rain at first, becoming brighter. Max. 21C (70F). Outlook: Warm; rain or showers. Pollen count: 4 (very low). Forecast: similar. Lightning: London 21.44, Manchester 22.03, Glasgow 22.25, Belfast 22.25.

Weather

U.K. TO-DAY
MOSTLY warm, occasional rain. Wind light or moderate. London, S.E., E. and N.E. England, E. Anglia. Thunder showers, becoming dry on sunny. Max. 25C (77F). Cent. S., N.W. and Cent. N. England, Midlands, N. Wales. Dry at first, showers later. Channel Is., S.W. England, S. Wales. Sunny at first, cloudy later. Lakes, L. of Man, S.W. Scotland, Argyll, N. Ireland. Sunny at first, showers later. B. of Ireland, S.W. Scotland, Aberdeen, Glasgow, Cent. Highlands. Rain at first, becoming brighter. Max. 21C (70F). Outlook: Warm; rain or showers. Pollen count: 4 (very low). Forecast: similar. Lightning: London 21.44, Manchester 22.03, Glasgow 22.25, Belfast 22.25.

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AMC shares suspended briefly

BY STEWART FLEMING

NEW YORK, July 12.

THE shares of American Motors, smallest of the U.S. car manufacturers, were suspended briefly from trading on the New York Stock Exchange this morning following announcement of an unexpected third-quarter loss and, as forecast, a loss for its fiscal year to September 30.

The forecast loss for the year implies that the company's fourth-quarter loss will be at least \$8m., a serious reverse compared with the net profit of almost \$16m. earned in the fourth quarter of its previous financial year.

The forecast also contrasts sharply with predictions made in April by the company's chairman, Mr. Roy Chapin. He said that after a series of difficult trading quarters and a net loss of \$27.5m. for its 1975 fiscal year, the company would be profitable in 1976.

American Motors' third-quarter loss is \$3.9m. compared with a profit of \$10.1m. in the same period of 1975.

For the first nine months of the current financial year the company has earned a net profit of \$4.8m. compared with a loss of \$43.2m. over the first nine months of its 1975 fiscal year, in that first half of which it suffered heavy losses.

Turnover in the first nine months of 1976 fiscal year is \$1.8bn. (\$1.8bn.).

The report described its third-quarter performance as disappointing and below expectations. Its main problem appears to have been the recession which has hit the smaller car market, the sector in which American Motors, with its Pacer and Gremlin models, is best represented.

Thus, while General Motors, Chrysler and Ford, companies which dominate the U.S. car industry, are forecasting a sales increase of about 36 per cent. in the number of cars they expect to sell in 1976, American Motors has seen its share of the domestic U.S. car market, almost halved, and for the first nine months of this year, it has sold almost 2,000 fewer cars than last year.

Its car sales in the third quarter have been particularly badly hit with only 67,811 units sold, compared with 103,949 in the same period of last year. In the month of June its market share was down to only 2.6 per cent. of the domestically manufactured production, compared with 5.3 per cent. in June 1975.

Through each of the first six months of 1976, American Motors' share of the U.S. market has been declining.

Main points made by the MP group were that the Government should not allow a 20-minute opening statement from the Chancellor to highlight the danger of shifting resources to industry with no guarantee that these would be used efficiently.

Riccardo pleased with unions

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE CHAIRMAN of Chrysler earnings. Although Chrysler's important car exports to Iran are paid for shown by unions since the company reached agreement with the Government on rescue terms for its U.K. subsidiary.

Describing Chrysler U.K.'s plans for worker participation as a "bold, innovative approach," Mr. Riccardo, interviewed in Detroit, said that the company had done "better than he expected." "There has been a tremendous improvement in communications," he said.

Mr. Riccardo dismissed the suggestion made recently in Britain that the decline in the value of the pound would have a serious effect on the company's

between France, Spain and the U.K.

A proposal to build the Alpine model in the U.K. had been in the product programme several years ago but had to be abandoned because of lack of profits in the British company. But now the Government rescue scheme had put the company in the position to bring the U.K. business closer to operations in Spain and France.

The European group's product planning and design functions, he said, would remain at Whitley in Coventry, and he also outlined a plan to establish more company-owned dealerships.

Riccardo's view of Chrysler's future Page 19

THE LEX COLUMN

The next step for traded options

Index fell 0.3 to 386.4

Sometime soon — possibly a week to-day — the Council of the Stock Exchange will be getting down to some major decisions about the establishment of a market in traded options in London. By the end of this week the Council's special committee should have formed its conclusions as to whether or not it is feasible to set up such a market within the framework of the present membership and jobbing system — and if the jobbers have their way, the answer will be in the affirmative.

A committee of the half dozen leading jobbers has already agreed, unanimously, that it would indeed be feasible to operate an options market within the existing system. It has also accepted that such a market could not simply be treated as an extension of running a book in stocks and shares, and would need to be operated on a Chicago-type auction system. It follows that an options market would have to be run on its own separate trading floor.

Under this kind of arrangement, the jobbers would act as market makers while the brokers would be market agents. Supporters of the original proposals may not be too upset by this: after all, the special committee has claimed that Chicago, by its strict separation of principal and agent, resembles London more closely than it does any U.S. stock exchange.

However, the exclusion of outsiders could have repercussions on the efficiency and costs of running an options exchange. An auction system, in order to function properly, needs active participants — and the Amsterdam authorities have certainly made it clear that they are not to attract the big international brokers and institutions. Are there enough enthusiastic members in London to make the system work? Some firms are bitterly opposed to the whole idea. And who pays? Only those who want to play, members may reasonably argue.

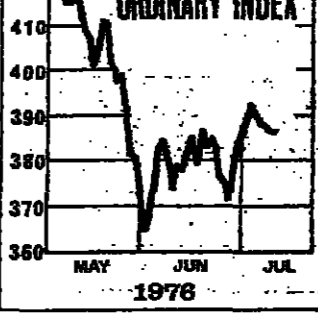
There is another potential problem. Chicago goes to great lengths to ensure that exactly the same information (including the price and market situation in underlying securities) is available to all participants in the auction. This could hardly be the case when the market equals the running costs of the exchange plus the revenue of the professionals involved. And since the arguments in favour of an options market depend to a great extent on the practical requirements of a greater or lesser degree of

the activity which induce the market participants may reduce the spread of the market.

The essential idea of the Chicago Bear Exchange development, commodities exchange, is that a natural order can be seen with an assurance that it can successfully on to market. The weak argument is that being developed by makers in response to demand from investors.

The Treasury's economic growth has been quickly the latest industrial figures, with the spreading deeper in engineering. Mean wholesale price index to follow the rest of the cost of fuel surging by 15 all during the past 1 but output is expected to rise moderately, cent to 1.5 per cent.

In themselves such not provide any further slippage in the inflation target do underlying the being blown further by exchange rates or prices. More buoyant will also offer greater companies to push a price per share, taking of the relaxation of Code.



E.T. INDUSTRIAL ORDINARY INDEX
MAY JUN JUL 1976

an option market would add a valuable degree of liquidity to the jobbing system.

Agreeing to operate within the existing system — as opposed to a separate body as originally proposed — would enable supporters of the option concept to outflank some of the opposition. For instance it would be harder for opponents to complain that an sponsoring such a system the Stock Exchange would be helping to fragment the central market, or that the Exchange would be taking on major responsibilities for the new annual without adequate facilities for controlling it. And it would also smooth a number of vested interests: any threat to the "monopoly of membership," however indirect, would be unacceptable for some members.

However this kind of compromise will obviously not help to overcome political or emotional objections to a market which, as the special committee freely admitted, is essentially non-productive — and in which the participants in total may lose a million a month ago. The market might be that the payments will hold better than in previous years. But the not appear to be very close to tomorrow's figures.

VAUX BREWERII

Points from the statement by Mr. Douglas Nicholson, Chairman of Vaux Breweries Limited, for the year ended 30th April, 1976:

- For the seventh year in succession I am pleased to be able to report record profits turnover up 27% to £56.55 million and profits up by 13.6%. Earnings per share are from 26.5p to 30.2p and the total dividend of 14.02p per share is the maximum permitted. During the period the cost of living rose by 19% and the amounts we pay taxes, rates and duties by 30%.
- Our beer sales were ahead by over 3% by volume, most of the increase coming, or from sales in the free and loan trade. Particularly good results were achieved by our Sheffield brewery. In Scotland, the position was less satisfactory, with a fall in volume.
- Results from Swallow Hotel were better with improved room occupancy and numbers of meals sold. Our wines and spirits trade however was static.
- During the year we acquired the Imperial and Royal Hotels in Aberdeen, and Cass in Wakefield. We have also acquired or completed 3 pubs and undertaken major improvements to 18 pubs and hotels.
- Our small Belgian brewery 'Liefkens' had a difficult year. However for the first few of this year things are looking better.
- In Sheffield we continue our plans to develop Wand's. In Sunderland we complete warehouse facilities and started on a major extension of our fermenting and beer facilities.
- In October 1975 we negotiated a 10-year facility of £4 million from Finance Corp for industry and this, together with our existing arrangement, is adequate for our needs.
- At the moment times are difficult, but in the longer term I believe that the areas in which we operate should increase in prosperity relative to the rest of the country.

| Comparative Figures | 1972 | 1973 | 1974 | 1975 |
|---------------------|-------|-------|-------|-------|
| £'000 | £'000 | £'000 | £'000 | £'000 |
| Profit before Tax | 2,620 | 3,618 | 3,808 | 3,893 |
| Tax | 1,457 | 1,539 | 2,016 | 1,957 |
| Net Dividends | 551 | 766 | 798 | 878 |
| Profit retained | 457 | 557 | 1,256 | 1,145 |

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